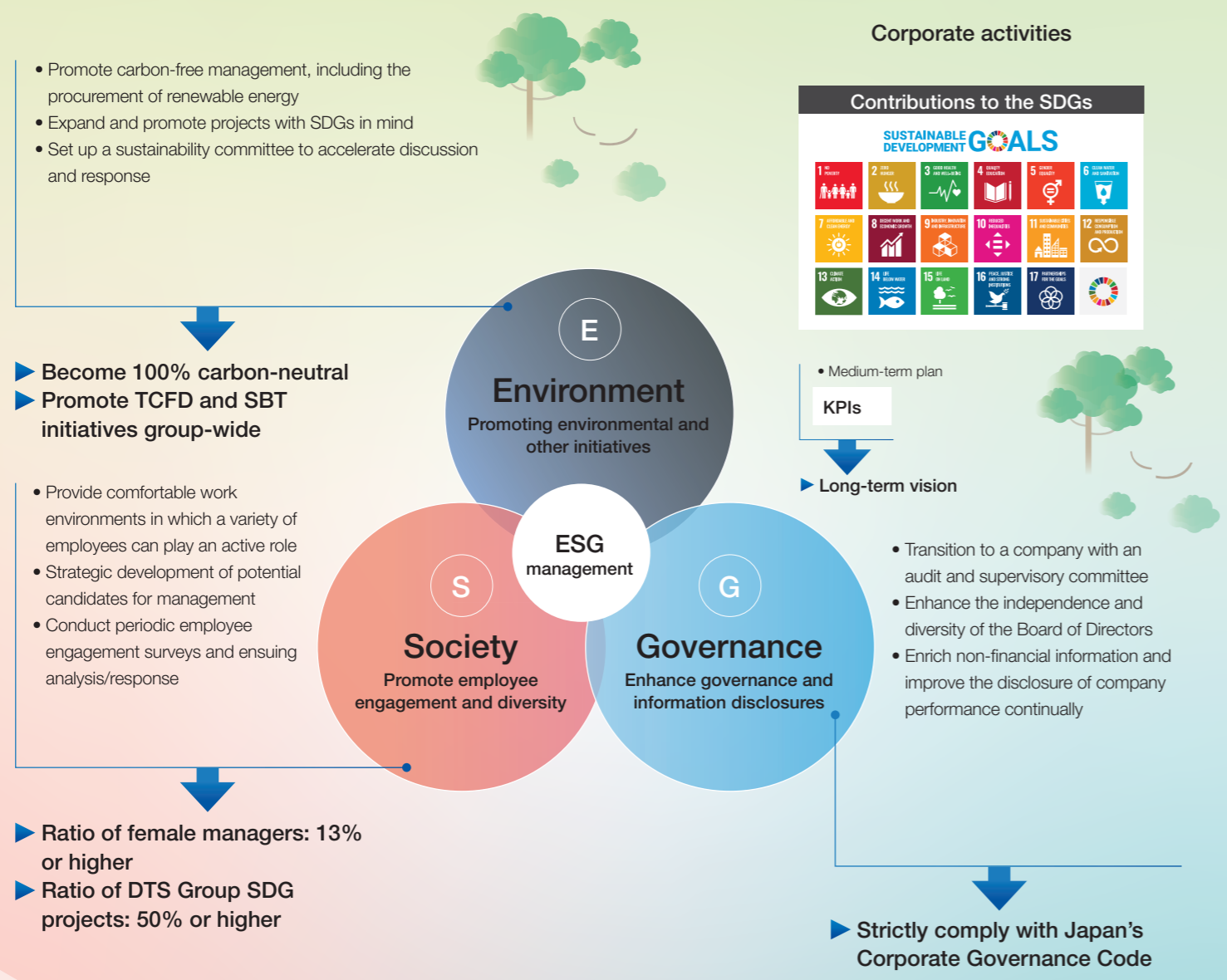


The DTS Group's Sustainability Management

ESG Management for Vision2030

The Group is stepping up its ESG efforts to help realize a sustainable society, such as by becoming carbon neutral. We promote our ESG initiatives in line with the three pillars of stepping up efforts for the environment, promoting employee engagement and diversity, and enhancing governance and information disclosures. We have set KPIs for each of these pillars. In addition, to urge our people to take on challenges and speed up management decision making, we will continue working to reform our management foundation by overhauling operational processes and leveraging cutting-edge technologies. Through hard work, we aim to grow sustainably with society, achieving sustainable corporate growth while helping realize a sustainable society through these initiatives.



Reform management foundation

Overhaul business processes and leverage cutting-edge technologies

- Achieve agility through the delegation of authority and urge our people to take on challenges
- Transform our management style to one that is data-driven, thereby becoming a reference model for customers

Material Issues for Sustainability Management

Regarding the promotion of ESG management, DTS identified which of the various relevant issues are material and have an outside impact on both the Group and its stakeholders. When identifying the issues, we organized the most serious ones along the twin axes of social value and corporate value based on realization points and key challenges in the medium-term management plan.

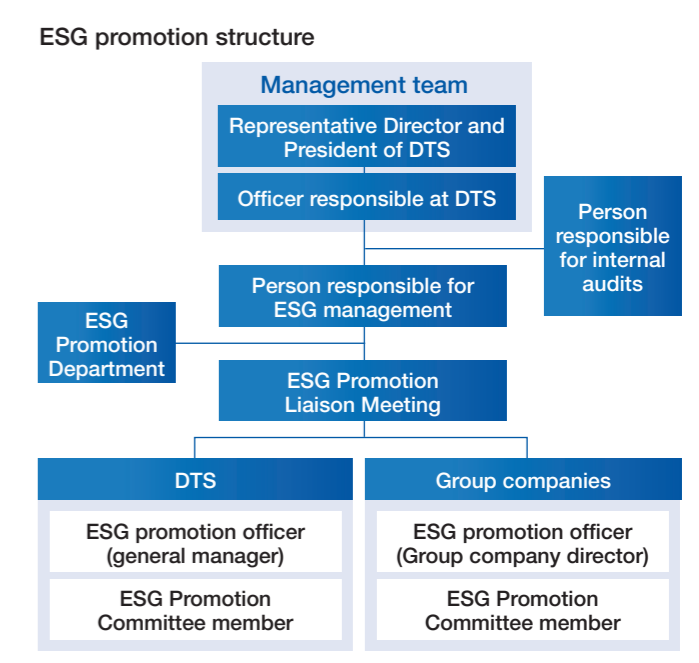
Initiative Policies	Material Issues	Main Activities	
Creating shared value	Creating a rich future through IT	<ul style="list-style-type: none"> DX personnel training and new personnel training programs Free competition and fair trade Promotion of data security countermeasures, including partner companies 	p. 51-62
E Environment Aiming to realize a sustainable society that is kind to the environment and people	Contributing to the global environment through business	<ul style="list-style-type: none"> Reduction of electric power used in offices of Group companies in Japan (Scope 2) Reduction of indirectly emitted CO₂ related to DTS's business activities (Scope 3) Disclosure of information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Promotion of initiatives related to climate change through the Sustainability Committee Move to an office with excellent environmental performance and consolidating functions Improvement of operational efficiency and resource savings by optimizing business environments, such as introducing the free address system and going paperless Supply of carbon-free solutions adapted to net-zero energy houses (ZEHs) 	p. 47-50
S Society Strengthening personnel management as the source of corporate value and promoting new workstyles adapted to the new normal	Respecting and maintaining awareness of human rights	<ul style="list-style-type: none"> Promotion of health management Work style reforms, including partner employees Implementation of training related to human rights Compliance with harassment prevention guidelines 	p. 51-62
	Promoting diversity and inclusion	<ul style="list-style-type: none"> Realization of human resource and personnel management Upgrade of environments where women, disabled people, and other diverse personnel can thrive (diversity) 	
G Governance Aiming to establish highly transparent management, continually enhance corporate value, and build relationships of trust with stakeholders	Strengthening governance underpinning sustainability management	<p>Enhancing corporate governance</p> <ul style="list-style-type: none"> Growth investments Shareholder returns IR and SR Board of Directors Institutional design Nomination and compensation committee Director compensation Directors <p>Implementation of internal control</p> <ul style="list-style-type: none"> Internal control systems Risk management Data security Compliance 	p. 63-82

Establishment of an ESG Promotion System and the Sustainability Committee

Aiming to realize the medium- to long-term management strategies of Vision2030, the Company has established the strengthening of ESG initiatives as one of its key challenges.

Amid major changes in the environment surrounding companies, we recognize that a key management issue will be realizing a sustainable society and simultaneously achieving sustainable corporate growth. With this perspective in mind, we established the new Sustainability Committee in April 2022 to further strengthen the Group's environmental and social initiatives.

The Sustainability Committee will continue promoting group-wide initiatives related to sustainability issues, such as the SDGs and climate change. In addition, the committee fulfills the roles of identifying risks and opportunities related to sustainability, such as those related to climate change, and of reporting to the Board of Directors regarding initiative plans and evaluations.



E Environmental Initiatives

Aiming to realize a sustainable society that is environment- and people-friendly

Resolving global environmental issues such as climate change and realizing a sustainable society are urgent priorities for all of humanity. The DTS Group has worked continuously to reduce its environmental impact, with seven Group companies in Japan acquiring ISO 14001 certification. Looking ahead, we will continue our environmental activities, aiming to establish the DTS Group's reputation for being environment- and people-friendly.

DTS Group Environmental Policy

The DTS Group recognizes that preservation of the global environment is an important priority for all of humanity. As a company that is responsible to the society of the future, we have created an environmental policy and are taking steps to carry it out. In particular, in carrying out our business activities (including total consultation on IT systems, software development, and system operations), we are conducting the following main initiatives as key challenges to be addressed.

Main initiatives

- Reduction of resource and energy consumption
- Promotion of recycling and reduction of waste
- Promotion of green procurement
- Provision of new social infrastructure based on IT

 **Environmental Policy**
<https://www.dts.co.jp/sustainability/eco/environment> (Japanese only)

Overview and Structure of the Environmental Management System (EMS)

The DTS Group is working to reduce its environmental impact across the Group, with seven Group companies in Japan acquiring ISO 14001 certification.

- KYUSHU DTS CORPORATION
- DIGITAL TECHNOLOGIES CORPORATION
- MIRUCA CORPORATION

Scope of registration

- System integration and services for developing, designing, manufacturing, and supporting systems
- Operational design and services
- Sale of proprietary development software
- BPO services
- Development, design, and sale of products
- Purchase and sale of system devices
- Education- and training-related services

 **Environmental Management**
<https://www.dts.co.jp/sustainability/eco/environment/> (Japanese only)

Registered organizations

- DTS CORPORATION
- JAPAN SYSTEMS ENGINEERING CORPORATION
- DTS WEST CORPORATION
- DTS INSIGHT CORPORATION

IT-driven Initiatives

The DTS Group uses digital technology to support the decarbonization of homes.

The 3D home CAD package, "Walk in home," is a housing solution that includes a net zero energy house (ZEH) determination function that aims to reduce the annual energy consumption of a home to around zero by reducing energy usage in the home through high insulation and creating energy through solar power generation and so forth. This package can automatically calculate such figures as wall and ceiling area based on blueprints and shows energy-saving benefits, which are usually difficult for the customer (user) to understand, in an easy-to-understand way, thereby helping to encourage the wide-spread adoption of energy-saving homes.



Disclosure in Line with the TCFD Recommendations

The DTS Group positions action on climate change problems as an important management issue and implements various measures accordingly. As one of these measures, we will continue expanding disclosure of climate change-related business risks and opportunities in line with the recommendations of the Task Force on Climate-related Financial Disclosures, which we support.



Governance

1 Board of Directors

The Company's Board of Directors oversees the setting and implementation of targets and plans related to climate change risks and opportunities. Every year, the Board defines risks and opportunities related to climate change; approves the group-wide establishment of priority risks and environmental impact reduction targets as well as each Group company's business plan and risk management plan. In addition, it monitors progress in each quarter. The Board also supervises the formulation and monitoring of annual budgets and main strategies, such as medium- to long-term management plans, discussions of which take into account sustainability- and climate-related factors. If there is a discrepancy between the budget and actual results, countermeasures are studied by the Management Council and Sustainability Committee and, based on guidance from the Board of Directors, are implemented.

2 Risk Management Committee and Sustainability Committee

DTS maintains the Risk Management Committee and Sustainability Committee, both of which are chaired by the president. The committees regularly evaluate risks and assess problems as well as formulate action plans. In addition, they regularly monitor whether or not new risks have emerged.

Strategies

We analyze actual and latent effects that climate-related risks and opportunities have on the Group's business, strategies, and financial plans and then disclose the severity of and time frames for said effects.

In addition, with an eye to the highly uncertain future that is accompanying the shift to a low-carbon society, we have conducted the scenario analyses recommended by the TCFD for the 2°C and 4°C rises in global temperature in order to determine the kind of business issues that might emerge. We realized that, whether in the sustainable 2°C world enabled by decarbonization or the 4°C world where greater economic development is expected enabled by reliance on fossil fuels, there will be customer needs in a wide range of industries for new AI technologies, IoT, and DX action that uses the Company's information technologies and that the effects of climate change-related opportunities will be extensive. In other words, in the 2°C world, we realized from quantitative analysis results that we will steadily expand sales in maintenance and operation services, which are the Company's core businesses, and thereby can reaffirm that achieving the Company's 2030 net zero goal would be very significant. Accordingly, this enhanced our recognition that climate-related problems and the transition to a low-carbon society are strongly connected to the Company's development.

Categories		Risks and opportunities	Indicators	Degree of financial impact	Period of impact	Relevant scenarios	
Risks	Transitory	New regulations	Risk of increased procurement costs due to the introduction of carbon taxes and those costs being shifted to the operation contracting costs of partner companies	Increased costs	Small	Medium term	2°C
			Risk of increased carbon taxes according to electric power used by the Company	Increased costs	Small	Long term	2°C
		Risk of increased offset costs due to difficulty of reducing Scope 2 emissions amid delays in introducing renewable energy in buildings occupied by tenants	Increased costs	Small	Medium to long term	2°C	
	Physical	Reputation	Risks of lost orders and other effects of declining market value due to inability to meet disclosure requests from investors aiming for a low-carbon society (quantitative evaluation only)	Decreased sales	Small	Medium term	2°C
			Risk of decreased sales due to customers switching to other companies due to delay in implementing energy-saving measures	Decreased sales	Small	Medium term	2°C
		Technologies	Risk of increased costs related to securing and training human resources in order to keep pace with accelerating DX	Increased costs	Medium	Long term	2°C/4°C
Opportunities	Acute	Risk of decreased sales due to an increase in extreme disasters and being forced to suspend business activities	Decreased sales	Medium	Short term	2°C/4°C	
		Increased operational costs, such as for air conditioning, as average temperatures rise	Increased costs	Small	Long term	4°C	
	Products and services	Opportunities to expand business to support decarbonization, such as using IoT and AI on the front lines of manufacturing	Increased sales	Medium	Medium term	2°C/4°C	
		Opportunities to expand business in line with increasing needs for the development of car-embedded technologies that are already provided as CASE progresses	Increased sales	Small	Medium term	2°C/4°C	
		Opportunities to expand the residential solutions business related to environmental problems and energy saving as a function to enhance the overall living environment	Increased sales	Small	Medium term	2°C/4°C	
		Opportunities to expand demand for our proprietary services amid the accelerating digitalization of customer operations (going paperless)	Increased sales	Large	Medium term	2°C/4°C	
		Opportunities to expand business in infrastructure and operation-related services to keep up with the increasing use of cloud services as countermeasures for increasingly extreme disasters	Increased sales	Small	Medium term	2°C/4°C	
Opportunities to expand business related to energy-saving services as customers' work hours shorten	Increased sales	Small	Medium to long term	2°C/4°C			
Opportunities to expand business in healthcare and medical-related services due to growing health concerns as temperatures rise	Increased sales	Small	Medium to long term	4°C			
Market	Opportunities to expand sales related to existing maintenance and operation services due to being increasingly chosen by customers thanks to achieving our net zero goal	Increased sales	Medium	Medium to long term	2°C		

Environmental Initiatives

Risk management

The DTS Group positions climate-related risks and opportunities as a strategy and connects to sustainable growth by companies taking appropriate action.

1. We identify climate-related risks and opportunities and evaluate them using three metrics: probability and, if they become prominent, quantitative impact and qualitative impact.
2. Regarding climate-related risks and opportunities that have a significant impact on the Group's strategies, we formulate measures to address risks and seize opportunities while the Sustainability Committee monitors progress.
3. To minimize losses and achieve sustainable growth throughout the Group, we designate the Risk Management Committee to appropriately manage crises and risks related to the Group's businesses. The Sustainability Committee uses ERM to integrate climate-related risks, which are reflected in the Group's strategies and dealt with as company-wide risks via the supervisory structure of the Board of Directors.

Indicators and goals

The Group establishes goals to reduce long-term greenhouse gas emissions to achieve the goal of a less than 2°C rise in average global temperatures. Regarding Scope 1, 2, and 3 emission reduction goals for FY2024, we plan to apply for certification by the Science Based Targets (SBT) initiative.

In line with the long-term Vision2030, the Group aims to achieve net zero CO₂ emissions in 2030 for Scopes 1 and 2 and has set ambitious goals for Scope 3, aiming to realize carbon neutrality.

Greenhouse gas emissions (Scopes 1, 2, 3) (Group companies in Japan)

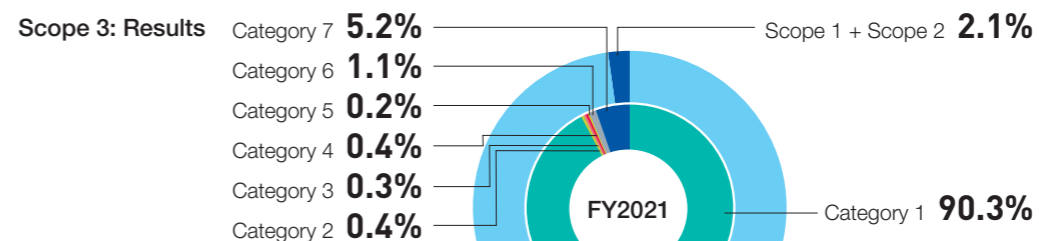
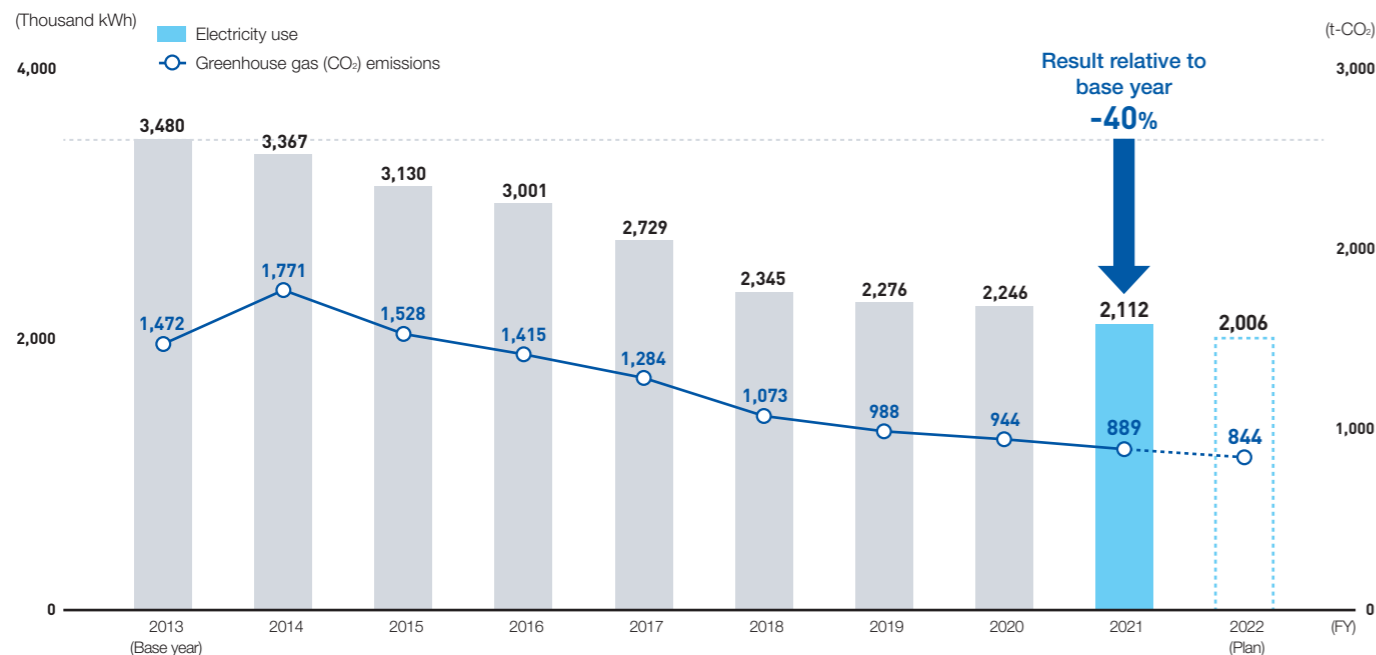
	Target year	CO ₂ emission target	CO ₂ emission reduction rate target	FY2020 results	FY2021 results (base year)
Scope 1 + 2	2030	0t-CO ₂	Net zero	944 t-CO ₂	889 t-CO ₂
	2050	0t-CO ₂	Net zero (maintain)		
Scope 3	2030	21,049 t-CO ₂	50% reduction (compared to FY2021)	38,329 t-CO ₂	42,099 t-CO ₂
	2050	0t-CO ₂	Net zero		

Climate Change Initiatives

In response to the progression of global climate change, we are continuing our measures to reduce GHG emissions. We have set targets in line with the framework of the Paris Agreement.

We have been managing GHG emissions across the entire supply chain, including Group subsidiaries in Japan.

GHG emissions (Group companies in Japan)
Scope 1 + 2: Results and targets



FY2021 GHG emissions

42,988t

- Categories of Scope 3**
- Category 1: Purchased goods and services
 - Category 2: Capital goods
 - Category 3: Energy-related activities not included in Scopes 1 or 2
 - Category 4: Transportation and delivery
 - Category 5: Waste generated in operations
 - Category 6: Business travel (including transportation expenses)
 - Category 7: Employee commuting

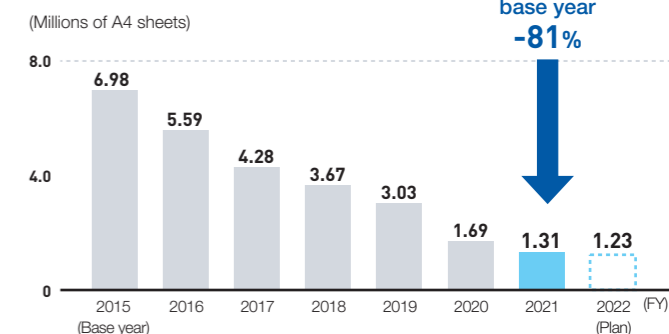
Optimizing the business environment to make operations more efficient and save resources

The DTS Group aims to utilize sustainable resources and works to reduce paper used in the office. We aim to realize a paperless office by revising operational processes and the workstyles of every employee.

To ensure the smooth execution of work done remotely, we are working to make operations paperless for employees and partner companies. Following the move of the head office and consolidation of bases, we are optimizing the copier environment, establishing monitoring for all meeting spaces, and upgrading offices to save resource and be employee-friendly.

In addition, we aim to indirectly reduce environmental impacts by reducing the workloads and travel requirements required of individual employees while improving workstyles (thereby enhancing productivity).

Paperless operations (Group companies in Japan)
Usage of paper resources:
Results and targets



Digitizing ordering operations for partner companies (DTS)



Waste reduction initiatives

The Company works to reduce waste by reusing computers, recycling classified documents, and encouraging people to use their own personal cups.

We take measures to reduce waste by maximizing the service lives of computers. When computers are refurbished or recycled computers, we diligently ensure that they have all been completely purged of data to prevent data leaks.



Promoting green procurement and preserving biodiversity

The DTS Group is promoting green procurement, having set out Green Procurement Procedures for procuring environmentally considerate products with respect to resource conservation and recycling resources as well as biodiversity preservation.

Furthermore, the Group is continuously engaged in tree-planting, environmental preservation targeting coastal areas and other initiatives as part of its social contribution activities and cooperates in efforts to create environments where more living things can coexist.



In Tomioka Town, Futaba District, Fukushima Prefecture, we collaborate in efforts primarily aimed at supporting business revitalization and have been assisting in cultivation and post repair at vineyards since 2018.

S Social Initiatives

Enhancing employee engagement and diversity as we promote the transformation into a new era

Among the issues we need to address is meeting new social demands through workstyle reforms, the promotion of women's participation and advancement in the workplace, and the realization of diversity. The DTS Group will continue addressing these issues using the five credos of the DTS Group Way as guidelines as we shift to workstyles for a new era.



Credo for our clients: Sincerity and trust

- Sincerely consider customer issues from their own perspective
- Continue being a reliable partner by building relationships of trust with customers
- Contribute to customers' business development by working on customer issues to the end

Initiatives to Improve Quality

DTS has built quality management systems with the aim of achieving consistency in quality, cost and delivery, as well as mitigating risks. By working to standardize and continuously improve operations, we seek to enhance the maturity of our organization.

Proprietary standardized processes to meet demands for high-end quality

The DTS Group strives to achieve greater transparency in ensuring product and service quality. Our efforts to such ends have involved developing our own processes based on the CMMI® framework, establishing Project Management Strategy (PMS) as standardized processes, and enlisting the entire organization responsible for systems development in efforts to achieve JISQ 9001 (ISO 9001) certification.

Moreover, aiming to fortify systems integration capabilities and increase productivity, we have adopted agile development and other modern approaches and are working to incorporate

automation tools. Going forward, we will continue working to improve PMS functionality.

With regard to systems administration, we have also been managing services that utilize information technologies based on the PDCA cycle approach. We provide one-stop services underpinned by high-quality operations in line with Information Technology Services Management System (ITSMS) practices for systematically ensuring and improving the quality of IT services. (CMMI® is a registered trademark of Carnegie Mellon University in the United States.)

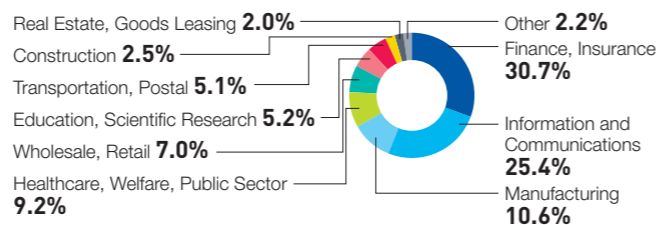
Implementing a client satisfaction survey

Over the past 50 years, the DTS Group has met customer needs by providing IT services based on top-quality systems informed by deep industry insights, operational knowledge, and information technology. As a result, we have built a customer base in an incredibly wide range of sectors and industries that has become a stable base of revenue not easily influenced by the economic environment. Our order backlog has also grown steadily, although the pace of growth decelerated somewhat due to pandemic effects.

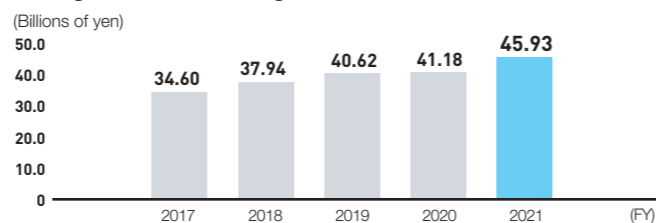
According to a customer satisfaction survey we conducted in October 2021, even during the pandemic, satisfaction increased for our system development and operation services.

Item	FY2022	FY2021	Difference
Sales desk	3.55	3.55	±0.00
System development	3.78	3.74	+0.04
System operation	3.81	3.78	+0.03

Change in consolidated net sales and order backlog by industry



Change in order backlog



Note: Although we have adopted new accounting standards related to revenue recognition from FY2021, for the purpose of comparison, FY2021 values have been revised to reflect the previous standards.

Credo for our shareholders: Growth and contribution

- Securing sound profit through social contributions
- Striving to expand business from a global perspective
- Enhancing corporate value by developing new proprietary products and technologies

Growth Investments

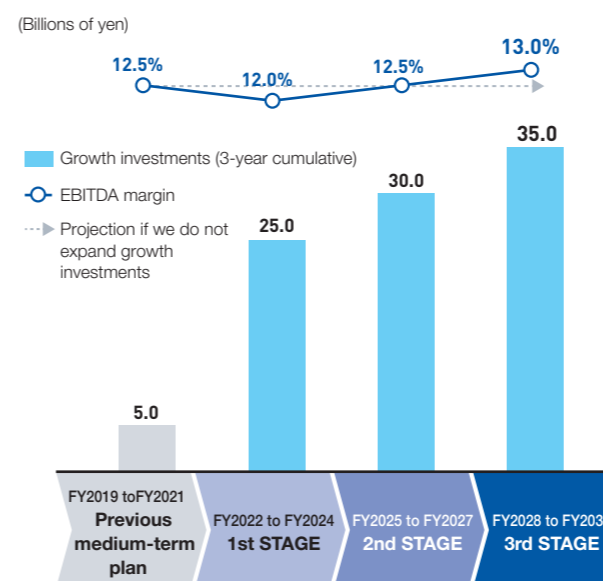
Proactive growth investments

Regarding the use of cash reserves, we consider utilization for forward-looking investments to boost medium- to long-term corporate value, such as investing in the development of new information technology, entering into capital alliances to expand operations and cultivate new businesses, investing in

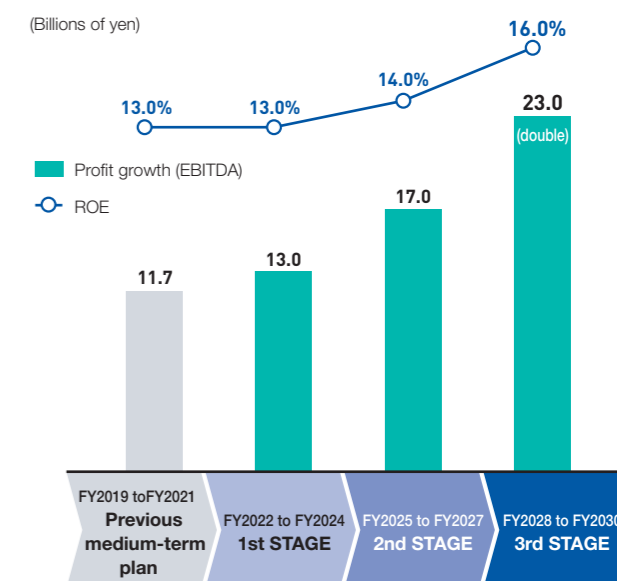
human resource development, and investing to strengthen business management functions.

We strive to enhance our profit margin (EBITDA margin) through proactive growth investments and, by FY2030, strive to enhance ROE and double profit (EBITDA).

Change in growth investments



Change in profit growth and ROE



Shareholder Returns

Change in dividend payout ratio and total return ratio

DTS regards the return of profits to shareholders as one of the priority issues of management and believes that medium- to long-term growth in corporate value is the largest source of profit return. With the aim of ensuring the return of profits to shareholders in the medium- and long-term, the Company works to pay stable dividends on an ongoing basis and implements a flexible capital policy that includes the purchase of treasury shares based on a comprehensive consideration of results trends, its financial position and other factors as well as cash reserves needed for business expansion.

dividend totaled ¥70 per share. In FY2022, to mark our 50th anniversary, we plan to acquire ¥5.0 billion in treasury shares and pay out a ¥50 per share commemorative dividend.

From FY2023 onward, our policy is to maintain a dividend payout ratio of 50% or higher and a total return ratio of 70% or higher.

In FY2021, we achieved record-high operating profit and net income attributable to owners of parent, exceeding our original performance forecast. We therefore raised our year-end dividend to ¥40 per share, ¥5 higher than forecast. With the ¥30 mid-year dividend already paid, the annual

Management targets for FY2024

Dividend payout ratio
50% or higher

Total return ratio
70% or higher

Social Initiatives

IR Activities

Regarding structural upgrades and initiatives to encourage constructive dialog with shareholders, we have established the following policies.

1. Dialogs with shareholders are overseen by the ESG Promotion Department and supervised by relevant directors.
2. We regularly hold strategy meetings, which are attended by top management and the general managers of each department, mainly to share information needed for IR activities, such as progress on the measures and operations of each department and Group company.
3. In addition to meeting with individuals, we facilitate dialog through results presentations for analysts and institutional investors each quarter.

4. Regarding opinions and assessments gained from dialog with shareholders and institutional investors, we report on them to the Board of Directors and top management as well as formulate and implement improvement measures as needed in line with the ideas and opinions expressed.
5. To appropriately manage insider information, we established Insider Trading Management Rules and strive to thoroughly manage information. In addition, for a certain period before the announcement of results each quarter until after the announcement, we do not conduct active IR activities and provide only already released information.

FY2021 IR activity results

Shareholders and investors	1Q	2Q	3Q	4Q
Sell-side	5 companies	6 companies	4 companies	5 companies
Buy-side	14 companies	14 companies	16 companies	16 companies

FY2021 SR activity results

Dialogs with shareholders are attended by ESG Promotion Department managers, executive officers, and directors (including outside ones) to facilitate flexible responses.

	FY2021
Shareholders	17 companies

Themes	1. Status of DTS's initiatives in response to previous comments
	(1) Establish individual initiatives in line with each institutional investor's comments
	2. Exchange ESG-related opinions
	(1) E: Responses to the TCFD
	(2) S: Ensure internal diversity, including the advancement of women
	(3) G: Composition of the Board of Directors (female directors, skills matrix)
	3. Assess impacts of market reorganization and switch to the Prime Market
	(1) Execution of voting rights for companies listed on the Prime Market
	(2) Change in policies of investees
	4. Confirm opposition reasons at the FY2021 shareholders' meeting
	(1) Confirm opposed proposals
	5. Confirm voting rights execution standards

Information disclosure

We appropriately and fairly disclose the corporate data needed for timely disclosure in line with investment securities listing regulations established by the Financial Instruments and Exchange Act and the Tokyo Securities Exchange as well as other corporate data that has a major impact on investment decisions. We also work hard to enhance the quality of disclosures, such as by expanding transparency and the content of disclosed materials.

DTS has built a system that ensures appropriate information management until disclosure. The directors in charge of staffing departments are also responsible for handling information. Important corporate information is swiftly reported to directors responsible for handling information without any leaks. We confirm the content of important information reported to said directors, study the necessity of disclosure

and methods of disclosure, and report it swiftly to the representative director and president.

Important information that needs to be disclosed is swiftly disclosed after being deliberated on by the Management Council, which mainly comprises executive officers, and receiving approval from the Board of Directors. The Board of Directors meets as needed, and, after receiving approval, urgent matters are disclosed with the approval of the representative director and president and are later reported to the Board of Directors.

When disclosing information, in line with guidance of the director responsible for handling information, the ESG Promotion Department discloses information through the Tokyo Stock Exchange's TDnet and on our website.

Credo as individuals:
Independence and spirit of challenge

- Happily and positively take on challenges with passion and ingenuity
- Boldly face change, go beyond your own limits, and act with speed
- Achieve a work-life balance and support family contentment

Realizing Human Resources Management

Basic policy of human resource systems and approach

The Group recognizes that securing and training personnel with strong technical capabilities and specializations is an indispensable factor for sustainable growth and has established the following basic policies.

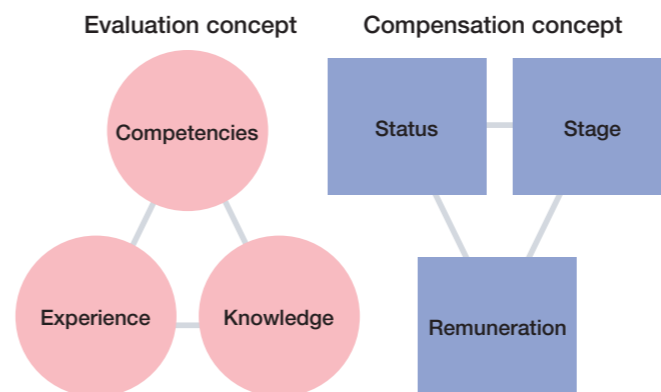
Basic policies

We establish and operate various human resource systems based on the policy of "establishing ranks in line with the scale of the roles required of each person, providing appropriate compensation in line with roles and accomplishments, and realizing a transformation of organizations and people." In addition, we have upgraded to an open and fair evaluation system and provide diverse learning opportunities.

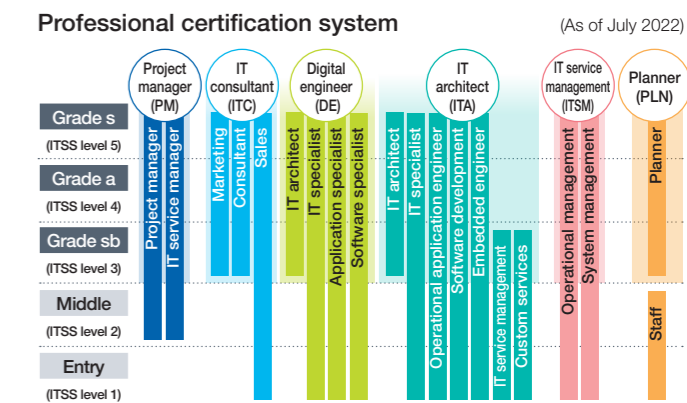
- Ranking system: The rankings clarify the targets being striven for
- Evaluation system: There are clear and fair evaluations for actions and results based on roles
- Remuneration system: Salary and bonuses are awarded for actions and results in accordance with roles

1. Professional certification system

This is a system in which employees autonomously enhance their areas of expertise and specializations in line with their own career plans, take on challenges, and achieve remarkable results. The Company then recognizes those achievements, compensates them, and provides them with the opportunity to embark on the next stage of growth and activity. We recognize diverse occupations aligned with business environments and encourage career building based on employees' own decisions and ambitions.



Defined by occupation type and level based on IT skill standards, we internally certify people as professionals at level 3 or higher.



2. Internal award system

This is a system that awards employees with the aim of boosting their ambitions and contributing to productivity.

- (1) President Award, Special Award, Distinguished Achievement Award
- (2) Length of Service Award
- (3) Award for Passing Qualification Tests

3. Education and training system

To enable employees to continually grow and level up as engineers, we offer a broad lineup of training options across the Group through the Group company MIRUCA CORPORATION.

We support employee growth by upgrading training systems and announcing the availability of training to employees. This includes training common to DTS Group employees; rank-based training, including for new hires, mid-level employees, and managers; and training related to specialization in line with each employee's career path.

In addition, we provide an environment that enables employees to autonomously enhance their capabilities in a timely manner in part by introducing on-demand video training that can be viewed anywhere at any time covering the latest technological information, including on digital technologies.

4. Internal open recruitment system

Separate from ordinary personnel rotations, this system aims to further enhance DTS's competitive edge by opening recruitment to a broad range of personnel with an eye to fostering employees' autonomous career development and willingness to try out new businesses and participation is entirely voluntary.

5. Self-reporting system

This system aims to vitalize employee development and workplaces by holding once-per-year interviews where employees report to superiors regarding the current status of their physical health, careers, and desire for rotation.

Social Initiatives

Transformation into human resources system that values employee ambitions

To evolve our existing SI business model into a total SI one and expand our business area by creating new solutions and services, we will need personnel who can take bold risks and take on new challenges. Creating a culture in which personnel always embrace change will be a key challenge.

We have upgraded the work environment to one that enables active personnel to take on challenges related to solutions and new technologies aimed at future growth with no fear of failure. Our evaluation system emphasizes taking on challenges, such as the degree of difficulty of work and newness. In addition, we are working to transition from a system based on the

conventional labor-intensive business model to a more sophisticated, knowledge-intensive business model. The professional certification system encourages employee growth and visualizes employee skill levels as a foundation of our human resources portfolio. To strengthen the digital area under this system, we established digital engineer as a new job type in FY2021 and certified three people as having achieved the highest internal grade in April 2022.

Through these measures, we aim to create a corporate culture that encourages individual employees to transform their behavior and proactively take on challenges.

Strategic Personnel Training and Skills Development

Training sophisticated DX personnel

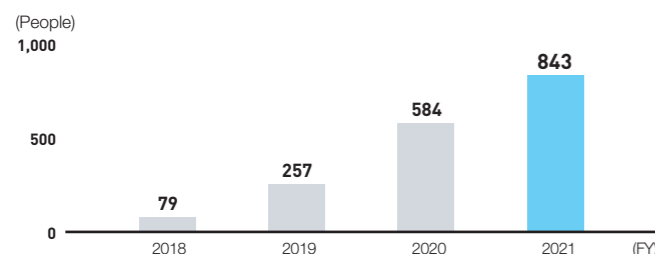
Due to changes in society and the rapid evolution of IT, customers' expectations of the IT industry are evolving significantly and, to meet changing customer needs, we urgently need to train highly skilled DX personnel.

The DTS Group is promoting the training of DX personnel with specializations in such new technologies as cloud computing, AI, and IoT. In FY2021, the number of DX-related certificate holders stood at 843, representing a big 10.7 times increase over the course of three years since the kick-off of DX training in FY2018, when only 79 people were certified. Accordingly, DX-related net sales in FY2021 were ¥32.50 billion, or 34.4% of consolidated net sales and well in excess of 25.0%, the original target set in the medium-term management plan.

Going forward, we will continue striving to train personnel with the aim of achieving further growth in the focus business area of solutions and services.

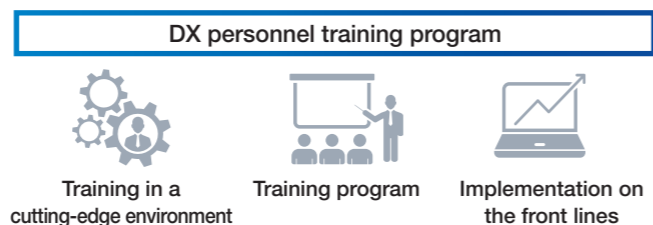
DX personnel	<ul style="list-style-type: none"> Achieving greater IT sophistication through improved digital technology Refining IT using packaged solution services Creating new services and businesses using IT
Existing IT personnel	<ul style="list-style-type: none"> Building systems for client companies Supporting the IT of client companies

Number of people with DX-related qualifications (Group companies in Japan)

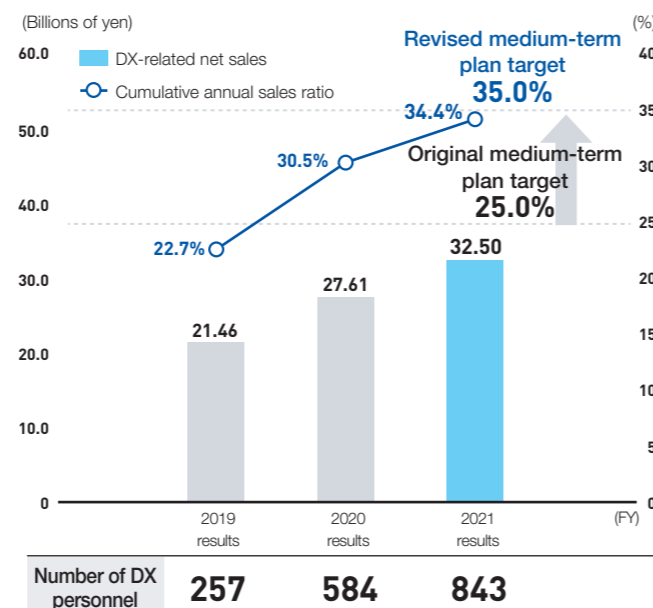


New training program unique to the digital era

To promote new business models, we will define the necessary human resource models and work to expand the quantity and quality of our training programs. In addition, we will create a cutting-edge environment that supports employees' autonomous learning by enabling various verifications related to advanced technologies and by offering on-demand video training that can be accessed anywhere at any time.



DX-related net sales were **¥32.50 billion** (up ¥4.88 billion, or 17.7%, year on year), and DX personnel amounted to **843** (up 259 year on year)



Promotion of Work-Style Reforms

Accelerating diverse work-styles in light of the new normal

The COVID-19 pandemic brought about major changes in work-styles. The DTS Group prioritizes employee safety and peace of mind during the pandemic and works to reform work-styles while picking up customer intentions. We are building systems that can contribute to business by enhancing productivity and motivation through work-styles with a good work-life balance where employees are not bound by time or place.

We have promoted telework since April 2020, and around 70% or employees teleworked in FY2021. In addition, we are promoting employees taking on side jobs if they so desire.

Moreover, from April 2022, we continued a transformation to greater flexibility in employee work-styles, for example, introducing a flex-time system (without core time).

	FY2019 results	FY2020 results	FY2021 results
Number of overwork hours	23 hrs. 44 min. per month	21 hrs. 46 min. per month	23 hrs. 05 min. per month
Percentage of paid leave taken	75.5%	68.9%	71.4%

Telework system

DTS introduced a telework system from 2020. As a result of promoting online operations and increasing the utilization rate, during the pandemic, we achieved strong results in terms of reducing in-person workers, avoiding crowding internally, and making meetings and interviews more efficient. Going forward, we will continue maintaining and expanding these efforts as initiatives aimed at achieving flexible work-styles.

Flex-time system

To achieve flexible work-styles, we introduced a flex-time system from April 2022.

Valuing employee autonomy, we shifted to super flex-time with no set core time. This allows personnel to best allocate time spent, for example, studying for qualification tests or taking their children to and from daycare. In these and other ways, we promote an optimal work-life balance through the effective use of time.



Systematizing telework and staggered working hours



Introducing video conferencing and enabling remote job interviews



Enabling online education



Encouraging employees to take paid leave



Limiting travel

Staggered working hours system (My Select Time)

Allowing employees to select early or late arrival and leaving work hour patterns My Select Time is a staggered working hours system introduced with the aim of improving the quality of individual's lives by allowing sliding work start and end times. The system is intended to facilitate flexible work-styles that enable individuals to engage in activities that are important to them, such as childcare, nursing care, hospital visits, self-development, and recovery from fatigue. This is intended to reduce commuting stress, encourage dedication to work, enhance time management awareness, and motivate self-improvement efforts.

Expanding telework for employees stationed at customer locations

Originally, telework was considered too difficult to implement for employees stationed at customer locations, however, we are steadily expanding this program while being mindful of security risks.

We share know-how from each frontline workplace at the DTS Symposium, which is an employee event held once a year. In addition, we share knowledge throughout the Group, such as that regarding building secure development environments, methods of utilizing communication tools, and visualizing employee health.

Going forward, realizing that this new normal is an irreversible trend, we will continue aiming to achieve healthy and highly productive work-styles by introducing systems aligned with diverse work-styles. In particular, the achievement of effective and flexible work-styles enabled by effective time management will be indispensable for environments that make it easy to balance work and the demands of childcare, nursing care, or life events.

Status of telework	FY2021 (Results)
	50.4%

Social Initiatives

Health Management Promotion

Health management policy

“Respect for human rights and creation of workplaces with fulfillment through work” is one of the phrases in the Code of Conduct. Based on this, the DTS Group aims for individuals and the Company to continue growing by enabling all employees to maintain mental and physical health, work with motivation, and leverage their capabilities.

External recognition

DTS publicly announced its “Health Company Declaration” in November 2018 and launched initiatives to encourage health promotion activities. As a result, DTS acquired Company of Health Excellence Certification (Gold Certification) in September 2020, and has maintained it to date. In addition, in March 2022, we were selected as a “Health Management Stock” and acquired certification as a “Health & Productivity Management Outstanding Organization,” or White 500 company.

As of March 2022, DTS's initiatives for maintaining and boosting employee health have been recognized with the following:

- Selected as a Health Management Stock
- Certified as a Health & Productivity Management Outstanding Organization (White 500) 2022

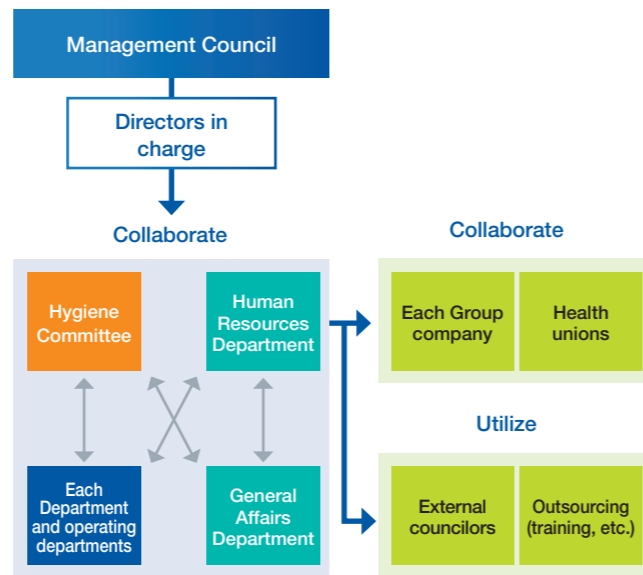


Promotion structure

We established a Health Promotion Office in the Human Resources Department with a full-time industrial physician and public health nurse.

The office offers consultation covering both physical illness and mental health. In addition, in collaboration with health unions we have constructed systems that utilize external resources.

DTS health management promotion system



Promoting health improvement

DTS promotes employee health while conducting PDCA cycles.

Through surveys related to health and health check-up results, we assess employee health issues, determine which issues to prioritize, and formulate action plans (health management strategy MAP).

Main initiatives

- Establishing “no overtime days” and targets for taking paid leave
- Encouraging health checkups and guidance as well as encouraging and confirming the receipt of medical care and reexaminations
- Expanding mental health training and health seminars
- Balancing work and medical care

We aim to repeat a cycle of evaluating the implementation status of these initiatives, confirming results, and continually improving plans.

To date, we have prioritized health maintenance measures aimed at rapidly detecting and preventing the escalation of illness. Going forward, we will continue to take initiatives to promote health.

Realizing Diversity and Inclusion

The DTS Group promotes diversity and inclusion in order to fully leverage each employee's capabilities and is working to create upgraded work environments where everyone can thrive. We aim to achieve sustainable growth and enhance the Company's competitive advantage by respecting and utilizing diversity with regard to gender, age, nationality, disability, and forms of employment.

Promoting the participation and advancement of women

DTS has been addressing the low number of female managers as a management issue for some time. In the medium-term management plan, we set targets to be achieved in FY2024 for the ratio of female directors and managers. In action plans based on the Act on Promotion of Women's Participation and Advancement, we set milestones for improving the overall ratio of female employees and have been promoting the advancement of women in management, working to develop the skills of female manager candidates and incumbent managers.

In particular, we are working to upgrade to environments where employees can work flexibly without being bound by time or place in order to fully leverage each employee's capabilities while eliminating gender gaps in workplace engagement and continuous employment, which are major issues typically confronting corporations pursuing the advancement of women. After introducing a telework system in 2020, we introduced a flex-time system (with no core time) from April 2022. Through these measures, we aim to further improve both female and male employees' ability to balance work and childcare and nursing care (work-life balance).

Furthermore, the ratio of female directors reached 15.4% as of June 23, 2022, surpassing our FY2024 target of 10.0% or higher. On the other hand, the ratio of female managers as of April 1, 2022 was 3.6% compared with our FY2024 target of 6.0% or higher. In FY2022, we will keep encouraging growth and revitalizing the entire organization mainly by creating opportunities for advancement in a wide range of fields while developing female manager candidates through training related to promoting female leadership, the accumulation of real-world experience, and mentoring (regular interviews).

Targets and results for women's participation and advancement in the workplace

	Targets FY2024	Results FY2021
Ratio of female employees	22.0%	18.2%
Ratios of women in the management candidate group and female project leaders	10.0%	6.0%
Ratio of female managers	6.0%	3.1%
Ratio of female directors	10.0%	15.4% (as of June 23, 2022)

Acquiring Eruboshi certification based on the Act on Promotion of Women's Participation and Advancement

In October 2019, DTS acquired second-stage Eruboshi certification, which is promoted by the Ministry of Health, Labour and Welfare, in recognition of its excellent track record related to the advancement of women. Of the five evaluation items of the Eruboshi certification, DTS was evaluated on the following four: 1) Hiring, 2) Continuous employment, 3) Working hours and other work-styles, and 5.) Diverse career course.

The Company's detailed data related to the status of women's advancement is included in the Ministry of Health, Labour and Welfare's Corporate Database of Companies' Promotion of Women's Advancement.



Supporting childbirth, child-raising, and nursing care

DTS is working to strengthen its initiatives to support those who are balancing medical treatment and work from a perspective of health management (maintaining and promoting employee health). When employees require medical treatment, it is necessary to take appropriate care to ensure that their illness does not get worse due to working. Therefore, we respond flexibly to meet individual needs by liaising with relevant persons, developing workplace environments, and providing individual support for employees and have established an in-house consultation service. In addition, to support employees on their return to work after taking leave, we provide a return-to-work support program with advice from occupational doctors and so forth.

In addition, DTS is working to support balancing childcare and work. We conduct diversity and inclusion (D&I) training for all employees as part of supporting the advancement of women and development of the next generation. We are fostering an environment where employees, whether or not engaged in childcare, will gain a deeper understanding of the Company's D&I initiatives and D&I awareness as well as action sought from employees while respecting, supporting and inspiring each other. In FY2021, by working to promote the use of childcare leave among male employees, we reduced the gender gap in the ratio of taking childcare leave and will continue supporting the balance of childcare and work for both men and women.

Social Initiatives

Promoting the employment of people with disabilities

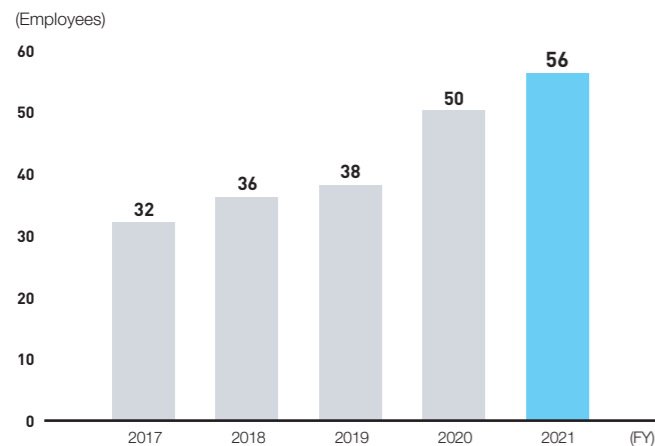
DTS established the special subsidiary, DTS palette Inc., as a wholly owned subsidiary in 2011. In addition to fulfilling the corporate social responsibility of creating employment for people with disabilities, the company proactively hires people with disabilities with the aim of being a company where they can work with confidence, engage in permanent work, and find job satisfaction.

DTS palette Inc. employs 56 staff with various disabilities, including visual, auditory, mental, intellectual, physical, and internal. Exercising their individuality, this staff performs over 85 operations per year, ranging from light duties to complex work, including printing operations, PC operation, and mail operations.

Since its establishment, DTS palette Inc. has worked to create an environment where people with disabilities can work comfortably over the long term. These efforts include awareness raising activities to increase understanding regarding people with disabilities, a system of leave for attending hospital, interviews with working life counselors for persons with disabilities, interviews with family members, and in-house observations.

Moreover, in response to the COVID-19 pandemic, the company switched to telework in cases where the characteristic of the workers' disability and their duties permitted, or took other measures, such as having them on standby at home. During their time on standby at home, the company provided original training exercises to help these employees develop their skills.

Number of employees at DTS palette Inc.



Hiring global personnel

At the overseas bases of DTS America, DTS Shanghai, DTS Vietnam, Nelito, and DLSE, we proactively hire locally. Thus, our workforce is becoming more diverse in response to a globalized society.

News

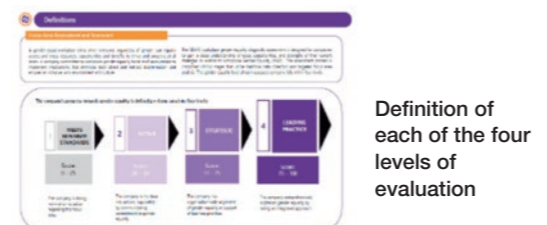
DTS Vietnam's activities for promoting gender equality

Achieving gender equality, where anyone in society can act freely and enjoy equal opportunities regardless of gender, is one of the SDGs, and concern for this problem is growing day by day. DTS Vietnam received a special award for its initiatives aimed at gender equality at the DTS Group's SDG Awards.

DTS Vietnam was the first IT company in Vietnam to introduce the GEARS* program originating from Switzerland and implements the cycle of 1) employee awareness surveys related to gender equality, 2) studying and implementing action plans based on survey results, and 3) measuring effects.

Going forward, DTS Vietnam implemented an action plan from September 2022 and aims to measure the effects of the action plan in March 2023.

*Gender Equality Assessment Result and Strategies



Current evaluation of DTS Vietnam by field

Field	Level
IT	Level 4
Marketing	Level 3
Finance	Level 2
HR	Level 1
Operations	Level 1

Credo as members of the Group: Respect and co-creation

- Transforming the Group through the growth of individuals
- Respecting diversity and growing with working friends and partners
- Realizing our own value and co-creating through the Group

Supply Chain Management

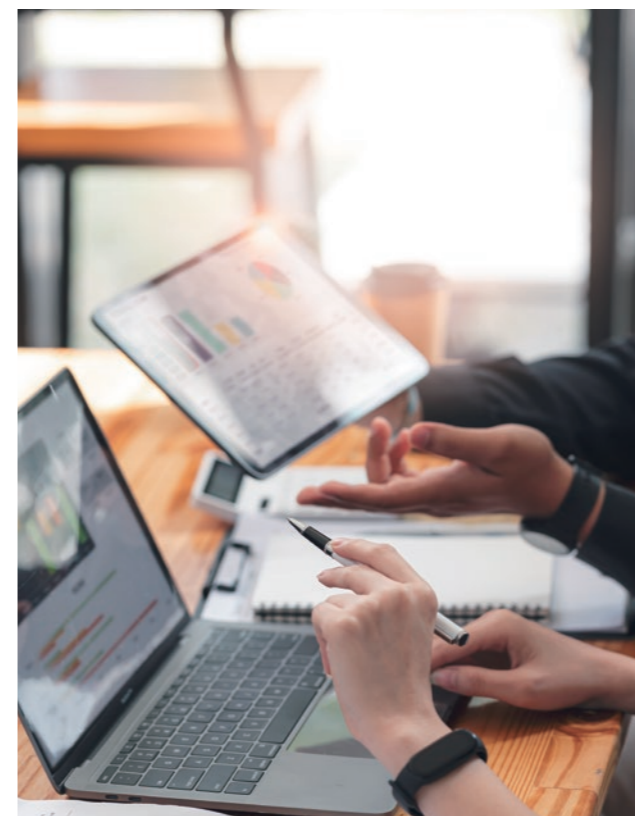
The DTS Group has stipulated free competition and fairness in business dealings as a code of conduct in its *Compliance Guide* to ensure fair trading. We adhere rigorously to this code.

Basic approach to selecting business partners

The DTS Group recognizes that collaboration with partners is essential for increasing added value. In selecting partner companies, we observe laws, regulations, and social norms as a matter of course and also emphasize partners that contribute to a sustainable society that is considerate of the environment and human rights.

Free competition and fair trading

The DTS Group conducts business with its partners based on agreement between equals. Partners are selected based on an objective standard, evaluating the level of their technological capabilities, quality, pricing, and service. We conduct fair business dealings, observing laws and regulations regarding subcontracting. When entering an agreement with a partner company, DTS conducts a voluntary inspection using a contracted and consigned operations regulation check list based on the Criteria for Classification of Worker Dispatching Operations and Contracted Operations (Notification No. 37).



Promoting information security measures

In order to prevent information security incidents, or the recurrence of past incidents, DTS continuously implements measures including education, awareness raising, and information sharing. In particular, training is implemented each year when starting new operations, or for companies continuing their contracts.

When consigning operations to a partner company, we stipulate that the partner must have the same level of information security management and personal information handling as DTS.

Implementing work-style reforms and health management

DTS is working to promote work-style reforms together with its partner companies. We are striving to reduce overtime work, including at our partner companies, by sharing DTS operational work hours and streamlining operations.

Moreover, we communicate the Company's policy on initiatives for health and productivity management and confirm the status of initiatives at our partner companies through surveys.

Over 80% of contracts concluded with partners are already electronic, and we will continue to further promote electronic contracts moving forward. To enable workstyles aligned with the situation, we will continue to implement telework systems for partner members.

Supply chain assessment

DTS conducts annual supply chain evaluations of its partner companies for new transactions and those continuing their contracts. These surveys are used to comprehensively evaluate the technological capabilities, quality, productivity, deadline conformance, and financial status of partner companies while serving as indicators for such initiatives as the SDGs.

In addition, DTS periodically checks public announcements for the names of companies that have violated laws and regulations, then cross checks to see if it has business dealings with them.

Social Initiatives

**Credo as members of society:
Integrity and fairness**

- Always maintain integrity and act with good judgment
- Contribute to the development of society through the Group's corporate activities
- Strive to protect the environment and resources and leave behind a bountiful society for the next generation

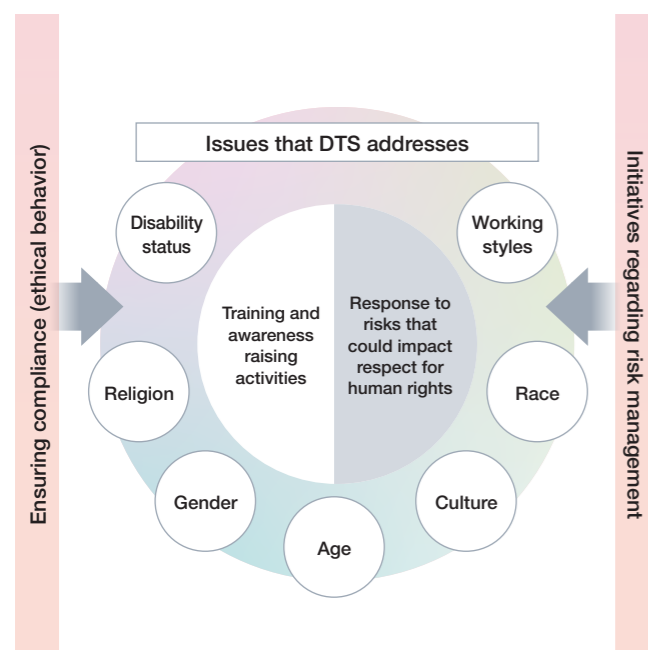
Initiatives Regarding Human Rights

The DTS Group is taking steps regarding respect for human rights with a view to ensuring compliance (ethical behavior) and risk management. In our Compliance Guide, we stipulate respect for human rights and the creation of workplaces with fulfillment through work as our Code of Conduct, and ensure that these are observed.

Basic approach

A wide range of people are employed in the DTS Group's workplaces. We believe that to enable people of different genders, nationalities, and other characteristics to work together harmoniously, it is important to build personal relationships based on strong communication and mutual understanding.

We respect individuals with different lifestyles, ways of thinking, and personal values.



Education and awareness-raising activities

The DTS Group conducts education and awareness-raising activities regarding respect for human rights through various training, such as level-specific training attended by all employees from new recruits through to the management team, including compliance training. Compliance training is implemented group-wide for Group company officers and employees, of course, as well as temporary staff involved in the Group's internal operations, and employees of partner companies.

Creation of the DTS Power Harassment Prevention Guidelines

With the enforcement of a law for the prevention of power harassment (the Revised Act on Comprehensive Promotion of Labor Measures) in June 2020, DTS created the Power Harassment Prevention Guidelines. In an effort to prevent such harassment, we have posted the guidebook on the internal electronic bulletin board so that it can be viewed at any time in order to raise general awareness of power harassment among all employees.

Response to risks that could impact respect for human rights

The DTS Group has envisaged risks that could have an impact on respect for human rights* and is establishing systems and countermeasures to mitigate such risks.

* Risks that could have an impact on respect for human rights: The risk of progress not materializing as expected in terms of securing and developing employees having high technical skills and expertise, which serves as one of essential factors for sustainable growth of the Group, or the risk that earnings performance and business development may be affected by an exodus of employees or decrease in productivity caused by the deterioration of working environments

Medical support

● **Collaborating with the Red Cross Blood Center in Tokyo on blood donation**

DTS participates in the blood donation supporter program. In collaboration with the Red Cross Blood Center in Tokyo, many employees voluntarily participate, donating blood twice a year

in the winter and in the spring at the beginning of the Golden Week holidays, when blood is in especially short supply.



● **Support for preventing the spread of COVID-19**

DTS made donations to "Protect Tokyo: Donations to Support Health Care Response to COVID-19" in 2020 and in 2021 to help prevent the spread of COVID-19.

The donations were used to purchase supplies for healthcare venues in Tokyo where people are working on the front lines to prevent the spread of COVID-19.

International collaboration and disaster recovery support

● **Volunteer Activities Supporting the Recovery from the Great East Japan Earthquake (Tomioka Town, Futaba District, Fukushima Prefecture, 2018~)**

Since 2018, the Group has conducted volunteer activities supporting the recovery from the Great East Japan Earthquake at the vineyards of Tomioka Wine Domaine in Tomioka Town, Futaba District, Fukushima Prefecture. In addition, in 2022 we offered aid through a crowd-funding effort conducted by Tomioka Wine Domaine.



● **Supporting the non-profit BHN Association Telecom for Basic Human Needs**

As an official member company since FY2017, DTS provides ongoing support for the non-profit BHN Association Telecom for Basic Human Needs.

With a focus on data and telecommunications, this organization conducts support activities for developing countries, with the aim of providing humanitarian aid and international contributions.

● **Supporting the non-profit Room to Read Japan**

In FY2016, we donated to the non-profit Room to Read Japan, which supports literacy and girls' education for children in developing countries.

Through this donation, a library was established at an elementary school in Vietnam's Bắc Giang Province. In addition, from FY2017, we have continuously supported the organization as a partner company.



Protecting the global environment

● **Calls for support of "Midori no goo"**

DTS supports "Midori no goo" activities as a form of social contribution that employees can undertake autonomously.

Local activities

● **Sponsorship of the International Ruby Programming Contest for Junior and Senior High School Students**

DTS supported the International Ruby Programming Contest for Junior and Senior High School Students as a sponsor from FY2012 to FY2016.

● **Participating in Chuo-ku Clean Day**

DTS participates in Chuo-ku Clean Day, which is held in Chuo-ku, Tokyo, where its head office is located.

Supporting social welfare

● **Support for The Eye Mate, Inc.**

Since 2008, DTS has been a support member of The Eye Mate, Inc., which has a strong track record in training seeing eye dogs.

Supporting sport and culture

● **Support for the Japan Para Sports Association**

Since 2020, DTS has been making donations to the Japan Para Sports Collection organized by the Japan Para Sports Association.

Japan Para Sports Collection funds are used in projects aimed at promoting the Paralympic movement, such as to provide cash rewards for Paralympic medalists and to support the development and training of the next generation of athletes. (Descriptions are cited from the website of the Japan Para Sports Association)

Social Contribution Activities

We actively promote social contribution activities, believing it important that individual employees increase their awareness of social contribution and put it into action. As a "good corporate citizen," we aim to uphold our social responsibility and create a society where people can live with greater peace of mind.

● **Collaborating with the Red Cross Blood Center in Tokyo on blood donation**

DTS participates in the blood donation supporter program. In collaboration with the Red Cross Blood Center in Tokyo, many employees voluntarily participate, donating blood twice a year

G Governance Initiatives



Outside Director
Shinichi Yamada

Outside Director
Masayuki Hirata

Outside Director
Shinya Shishido

Outside Director
Yumiko Masuda

Round-table Discussion between Outside Directors

Frank opinions and sincere responses energize Board of Directors meetings

Q How would you evaluate the Company's corporate governance? And in which areas can you leverage your own skills and experience?

Hirata
DTS's Board of Directors has held very active and thorough discussions. It almost feels like this particular slate of Directors was chosen with foreknowledge of the topics that would come up for discussion.

The transition to a company with audit and supervisory committee meant that authority was handed over to the executive side and the themes of Board of Directors meetings shifted to medium- to long-term topics. I hope that we can especially discuss management strategies and the transformation of the business structure.

I, myself, have long been involved in management strategies and finances, so I am an eager observer and optimistic supporter of activities that lead to innovation from a long-term perspective.



Shishido
I have experience as outside director at multiple companies, but the exchanges of opinions here are really active with a wide range of proposals being submitted. In the previous round-table discussion, after I pointed out that our discourse was somewhat lacking with regard to medium- to long-term perspectives, opportunities were provided for discussions limited specifically to medium- to long-term perspectives. With ample time for such discussion now assured and the switchover to a company with an audit and supervisory committee structure, we look forward to a higher level of governance with improvements in such areas as the quality of opinions exchanged. Amid this situation, I intend to leverage my experience of working at public institutions for many years to highlight problems.



Yamada
Board of Directors meetings are very open with everyone freely speaking their minds, which proves that governance is functioning properly. As Mr. Shishido touched on, ample time was taken for exchanges of opinion when formulating the long-term vision and medium-term management plan. I think these kinds of opportunities are rather uncommon. In addition, the outside directors bring considerably different perspectives, making Board meetings highly illuminating for me.

DTS's Audit and Supervisory Committee members have offered excellent comments, and I feel that the Board of Directors has achieved an ideal composition.

I have experience as a manager for R&D and basic technology at a major SI company. I also have helped several unprofitable companies turn around their finances. I believe I can draw on these experiences to support DTS. At the companies where I have worked, a common refrain was that they would change their large-scale SI-centered business; however, it was never possible to change much right away, and they would wait until, eventually, things gradually changed with the passage of time.

Masuda
Because I became a director only in the fiscal year under review, I have attended just two Board meetings so far. My first impression was one of true surprise at how incredibly active discussions are. The Company seems to have a great balance in terms of governance and management.

The Chairman of the Board and others on the executive side sincerely listen to the frank opinions offered by the outside directors and then state their own opinions, making for nearly ideal discussions. I therefore intend to continue actively participating while learning about various topics through these discussions.

Along with Audit and Supervisory Committee member and Director Ishii, I feel some pressure regarding the high expectations and weight of responsibility I bear in connection with diversity and inclusion as one of DTS's first female outside directors. I came up through the ranks, starting on the operational and management frontlines at DTS, and have accumulated experience in the process layer and the business strategy layer. I know how difficult it can be at the practical level to foster diversity and inclusion from the perspectives of customers and employees, so I hope to help with this while adeptly leveraging my own experience.

In particular, I will leverage my experience regarding the importance of the feedback process between various layers of corporate management and industry influencers.

Q How would you evaluate the leadership of President Kitamura?

Hirata
Looking back on the first year of President Kitamura's term, he showed solid leadership as the person directly responsible and put a lot of effort into restructuring businesses and digital transformation (DX), which has become something of a buzzword in Japan. I feel there is a dedication to thoroughly exploring new fields.

To date, DTS employees have focused on specializing in particular business domains to further their work, and I feel they have been somewhat hesitant to take on a trial-and-error approach. I want to encourage them to take a longer-term perspective and head in that direction to generate innovation. I will continue encouraging employees to rack up successes one by one while failing from

Governance Initiatives

time to time. I would like to see strategic training being made a greater part of the corporate culture.

I get the impression that the Company acquired an appropriate workforce with the expectation that it would need to head in some sort of new direction as its 50th anniversary nears.

Shishido

Looking at the new long-term vision and medium-term management plan, it is apparent that they were formulated under President Kitamura's leadership as they reflect his exceedingly broad range of insights and knowledge.

Of course, leadership styles differ and the market itself is significantly changing, so I was really satisfied that the Company was able to acquire personnel capable of steadily turning the seeds of innovation into full-scale businesses. In addition, I think that employees fully grasp how sincere President Kitamura is.

Supporting top leadership is part of the daily role of senior managers close to top management. However, it is essential to keep in mind that mid-level managers play a key role in communicating the top's vision to employees while also communicating the current state of employees and employee proposals to top management. I feel that strengthening such communication would make better use of President Kitamura's excellent leadership. In decision making, too, we need communication from the bottom to the top. I think when President Kitamura talks about challenges, this situation is also implied.

Yamada

I offer high praise for the new long-term vision and medium-term plan and note that President Kitamura's style shines through them in various ways. DTS has grown into a highly polished group of large-scale SI- and monthly project-related businesses. However, there is a concern that all the fun and joy of working here has left the Company.

In response, President Kitamura's kickoff speech slowly and steadily explained the situation and encouraged employees to work hard and speak freely.

Everyone is confident because the Company has succeeded as a large-scale SI company, growing from



sales of ¥60.0 billion to over ¥90.0 billion. Any change made now would be significant. And, forcing change could destroy the Company, so we must enable the change gradually over time.

Senior managers often shut themselves down, thinking that it is too difficult to achieve further growth in existing businesses. This is a problem particularly with traditional corporate cultures, which always end up being top-down. There will inevitably be some failure when trying new things, so the people on top need to learn to bear with it while things change. With DTS, because things have begun to steadily change, I will continue to support this.

In this way, I think it is great that DTS's slogan is Delivering Tomorrow's Solutions. The Company is constantly finding new things and presenting them to customers. It would be amazing if DTS could become able to really live up to its slogan. Right now, it looks like the Company is heading in that direction.

Masuda

President Kitamura is demonstrating his unique style, which taps into his own personality and background. If a business gets too big, it will become difficult to generate innovation and restructure. It is very important to create a new style of leadership and a different, more dynamic portfolio. I am looking forward to getting more involved in this area.



now, however, the rubber is meeting the road. There are two main points to keep in mind.

The first is gaining the understanding of employees, senior

managers, and other managers. If they do not take action with understanding, the Company could be in a situation where nothing gets done. That is because in an era of digital disruption, there is no going back. To this end, the Company's leaders must speak again and again in various ways and in various places, and not just top management, mid-level managers must also understand and continue speaking to employees. It is very important for them to understand and take the initiative on this. It will help to keep the ball rolling.

The second point is that we must nurture a corporate culture in which people try out new things. All DTS employees are serious. They do what they are told. If a target is set saying they must do this, they will give their all to achieve it. This determination was the driving force that made DTS a large-scale SI company and its employees' seriousness made them adept at specializing in particular business areas. However, to search for new seeds, the Company will need not just simple specialization but also the ability to break away from daily routines and fully embrace diversity. All employees must understand what is going on. In addition, to strategically foster a corporate culture, there must be an evaluation system that somehow accepts failure.

Because this is a serious group, if they understand, I think they can steadily rack up accomplishments. Older and more experienced individuals might give some pushback, so there will probably be some who make more progress than others. We should pay attention to that going forward.



Shishido

Personnel are at the foundation of any significant change in business model. It is to DTS's credit that its employees are a group of highly skilled individuals and constitute one of its key assets.

However, skill alone may not be enough, diversity will be needed. For example, a more diverse workforce is able to conceive of issues even customers have not really noticed and come up with answers. The Company will not be able to survive in this new era if it cannot embrace flexible thinkers. I think the Company is lacking in this area.

Furthermore, even if people in the Company regard themselves as knowledgeable, it could be that they are only actually knowledgeable within the context of DTS.

The Company needs to seriously work to incorporate people from outside.

Bringing in personnel with less knowledge of DTS will help spark a chemical reaction, even as it expands the number of personnel, helping to increase focus.

It is also important that DTS does not limit its thinking to in-house resources but be open to pursuing collaboration with advanced universities and research laboratories. In this way, the Company will realize its own deficiencies and gain new knowledge.



Yamada

When I joined DTS, I was aware the Company had a considerable amount of cash. It must use this deftly to secure growth. As for the method of growth, the Company should seek to scale up through the operation of existing business and the development of large-scale applications. M&A is another way to become bigger.

President Kitamura revealed his intention to grow the Company in a new direction. I think this probably means becoming a higher tiered Sler in terms of application development and operation. A Japanese-style Sler needs to search for new businesses and technologies, evaluate them, and offer them those technologies to customers.

Taking this tack, the Company reorganized its business portfolio and launched the Technology and Solutions and Platform and Services segments, which I interpret as indicating its intention to focus more on solutions.

Not long ago, it was popular to talk about ambidextrous management. Similarly, recent trends have focused on enhancing existing businesses while launching new businesses based on innovation.

In DTS's case, the Company is raising its existing businesses to the level of Sler while seizing opportunities for greater modernization. For example, DTS is seeking to enhance efficiency by automating part-time work and utilizing repeatable solutions while working to innovate these areas. However, at their core these efforts are not innovation but rather modernization.

With its aim to expand sales and switch over to new businesses, the new plan is very ambitious. Looking to the frontlines, personnel there are being told to expand sales but,

Q What strengths can you leverage to realize Vision2030?

Hirata

Vision2030 and the new plan clearly showed a bold new direction toward growth investments. You could say that

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because the modernization makes it possible, their numbers are not being increased. It is my fear that existing business, by appearing more efficient and safer, will become stuck, and we will face a dilemma of not being able to change.

To avoid this situation, one idea is to use M&A to augment sales and use the excess income this generates to attract diverse personnel by offering somewhat generous compensation. At the same time, DTS could judiciously reassign experienced employees and create new businesses. Without this kind of process, there is a substantial risk that personnel will be locked into the pursuit of sales targets and unable to try new things.

Ten years ago, the cloud was seen as a replacement for hardware. However, the cloud is now understood as a platform for running applications, and various application-based products have been created. Microservices are one such example. This will likely continue changing going forward.

For problems that cannot be solved with existing IT, a range of tools have come out—including quantum computers, AI, and supercomputers—that will gradually be commodified. New services utilizing these tools will soon be on offer through the cloud. If they are deployed at the right time, there will be many opportunities to enter new fields. Ultimately, it will depend on what people think and do.

The DTS Group has many companies doing very interesting things, so if the Group can expand, it should be able to spread its image of being a company that does new things across the world. Unfortunately, its current state is rather messy, and an issue for the Company will be how to cultivate Group companies going forward.

For this reason, it is necessary that the Group have

somewhat of an excess of excellent personnel. Ultimately, the issue always comes down to human resources.



Masuda

As IT technologies evolve, the presence of Slers will change significantly. Through the exchange of various insights, including engagement with customers, DTS's vertical and horizontal matrix is moving dynamically, and I feel that a new form of Sler is taking shape.

As DTS draws up high-level strategies, the success of innovation will depend on how the Company energizes the drivers along the horizontal axis of each management layer, business, and solution.

The seriousness of the personnel and their ability to undertake SI is an irreplaceable asset. Using that as a foundation, it will be important how the various layers hold discussions and create new businesses as role models or competency models in new fields.

Q What is the human resources strategy for providing value that exceeds expectations?

Hirata

Key to “becoming a company that continuously takes on challenges,” as laid out in Vision2030, is innovation. The seeds of innovation come in various forms, including products, services, personnel training, and organizational structures. In short, innovation entails instilling change in our corporate culture.

Regarding the cash also mentioned by Director Yamada, we could build it up by cutting excess and making things more efficient, but using it would have a bigger impact. But, if decisions are not made, said cash has no purpose. The biggest issue for top management is how to use the liquid funds.

Thinking about DTS now, any available cash would probably go to M&A and personnel. Also, pursuing M&A not only furthers business but adds valuable personnel.

With regard to securing human resources, another issue is the reformation of the Human Resources Department. The practice of hiring new batches of graduates each year is now up for debate. Going forward, DTS must put in considerable effort to maintaining needed personnel by hiring mid-career employees. Also, in its employee evaluation system, the Company should not just praise people who tried their hardest and succeeded, it should also praise people who failed but tried hard in new fields. For this,

it will also be necessary to reform the views of middle managers, the ones who actually conduct the evaluations.

DTS should continually improve and reform the Human Resources Department. It will take time to gather diverse and brilliant human resources and change evaluation methods, and I think the Company should spend money on it. I think DTS can now tolerate some amount of failure.

Shishido

I want to talk about two points.

First, the things that attract highly skilled personnel and make them want to stay in the system industry are shifting from “the organization is stable” and “the pay is high” to “the work is interesting” and “I can push myself because I am doing interesting things.” This means they prefer challenging companies and that there is no way that companies can avoid undertaking changes in their organizational cultures.

Second, we've all heard the phrase “the right people in the right place,” meaning that if we have people with appropriate experience in the most suitable positions, they will do a good job. Going forward, the Human Resources Department will need to assess what kind of issues each section has, how serious they are, and how they can address them with what kind of personnel. The department needs to make a full assessment and assign the right people to the right place.

Yamada

First, I'd like to say, that because IT services is, of course, a service industry, it is very important to anticipate changes in customer needs and continually change accordingly. The Company can make deft use of extroverted personnel who easily interact with others and can take a broad look over a wide range of topics. For example, the Board of Directors role here is to take a closer look at the user side.

My second point is that the Company should put together a team of excellent personnel like in Top Gun to take the lead and tend to the implementation of various projects. They could get involved difficult projects of their own volition or be seconded out to offer technical support.

It is necessary to have a playful nature when investing resources in this way and will contribute to the creation of a mechanism that ensures DTS's distinctive services are recognized around the world as being the best in Japan, and intentionally branding them as such. It does not need to be cloud services only, it can also be packaged pro groups.

DTS has very strong project management, but looking at examples of failure reveals that the Company still appears reliant on individual capabilities.

DTS should create an organization like a company-wide

project management office (PMO) to notice and swiftly address subtle issues that project teams do not see and assign personnel to take on the issues if necessary. Basically, it needs a built-in mechanism to ensure that employees are assured that they will always be able to provide a certain level of results when DTS receives a request, even if they do not have the number-one best skills in every single area. I think their existing SI also still has room for improvement.

Personnel who form the core of existing and new businesses are closely tied to the front lines. I have experienced this many times. Anytime you pull out one of these people, the front lines always rebel. However, if you put those personnel there to work, the people under them grow, and, as they are given new missions, they learn to see new possibilities. Of course, their workload increases in kind.

Masuda

Based on their own positions and experiences, what this brilliant and multi-talented group of people have said highlights the difficulty of a company of just this business scale undertaking a transition.

Personnel development is changing as the recent rise in demand for diversity and inclusion requires understanding others and recognizing their differences. People often toss around the word talent, but how can people leverage their unique characteristics, maximize their abilities, and contribute to innovation and long-term growth? How can each person grow into an individual capable of independent thought informed by their position and experiences? How can people fully leverage their capabilities while taking into account the life events of nursing care, childbirth, and childcare? To achieve these things, how can we connect them to strategies and lines of attack? I want to contribute even if a little to putting into practice these kinds of perspectives and methods being sought by corporate entities.



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Corporate Governance

Overview of Corporate Governance

Basic Approach

The DTS Group regards corporate governance as one of its priority issues of management. Moreover, we seek to engage in fair and efficient shareholder-oriented management, establish highly transparent business practices, continuously increase our corporate value, and build relationships of trust with our stakeholders. To this end, DTS has established basic policies with respect to the matters listed below, taking a proactive approach to the development of corporate governance and internal control systems.

- (1) Ensuring shareholder rights and impartiality
- (2) Appropriately cooperating with stakeholders other than shareholders
- (3) Appropriately disclosing information and ensuring transparency
- (4) Responsibilities of the Board of Directors and other such bodies, and
- (5) Engaging in dialog with shareholders.

Initiatives to Update Our Organizational Design

Based on a resolution passed by the 50th Annual General Meeting of Shareholders held on June 23, 2022, DTS has shifted to a “company with Audit and Supervisory Committee” system. This move was intended to speed up our decision making while enhancing the quality of discussions by the Board of Directors. Moreover, under the new organizational form, Audit and Supervisory Committee members tasked with

auditing the execution of duties by directors, have been included in the Board of Directors. Thus, we have strengthened supervisory functions offered by the Board of Directors through the adoption of the “company with Audit and Supervisory Committee” system, with the aim of securing even more robust corporate governance.

1. Speeding up decision making

● April 2022: Redefinition of job authority

We reviewed and redefined the job authority of employees in each rank as part of initiatives to develop systems and frameworks designed to foster a corporate culture that nurtures human resources able to think and act spontaneously. This move was also aimed at speeding up decision making.

● June 2022: Revision of the Board of Directors Rules

To delegate authority to individual directors over important business execution decisions that require amendments to the Articles of Incorporation, we have revised the Board of Directors Rules and thereby secured a structure enabling speedier decision making.

Details of revisions to the Board of Directors Rules

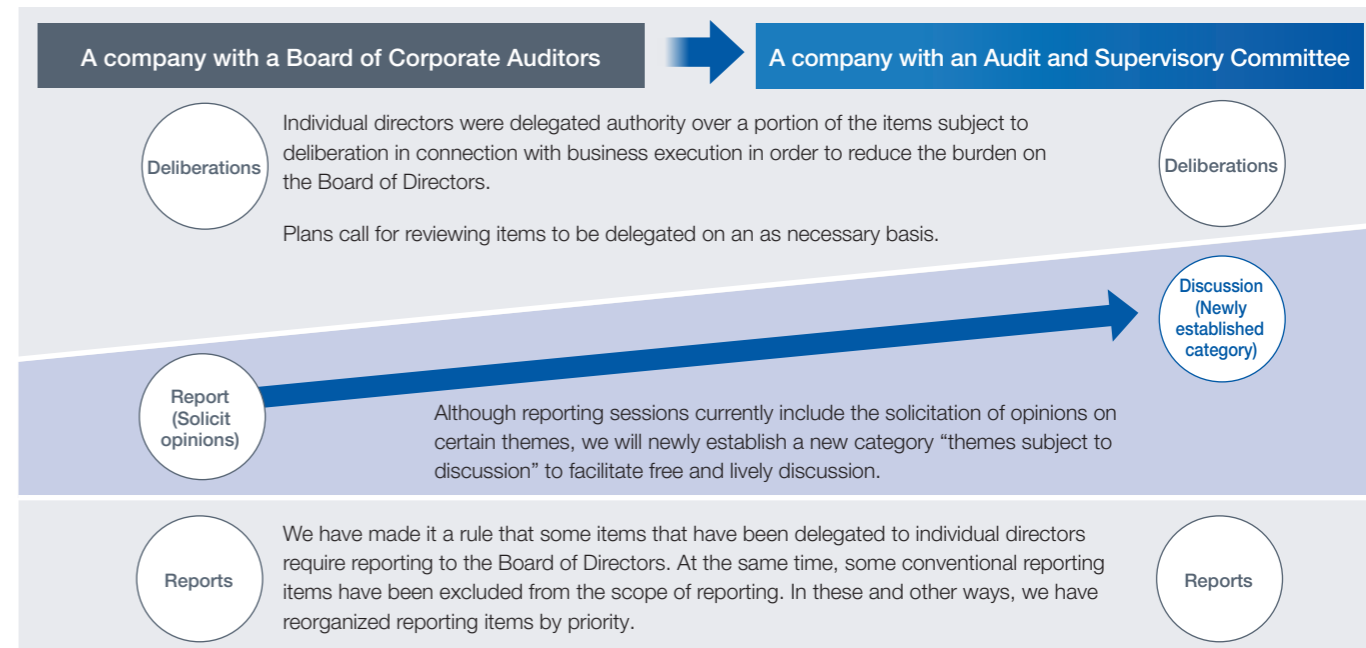
	Points of revision	
Agenda items requiring resolution of the Board of Directors	<ul style="list-style-type: none"> ● Changed from agenda items requiring resolution to those subject to reporting <ul style="list-style-type: none"> – Matters associated with overall management, organizational affairs and human resources <ul style="list-style-type: none"> • Establishment, revision and abolishment of departments, regional offices and other important organizational units and job ranks 	<ul style="list-style-type: none"> ● Partially changed from agenda items requiring resolution to those subject to reporting <ul style="list-style-type: none"> – Matters associated with overall management, organizational affairs and human resources <ul style="list-style-type: none"> • Establishment, revision and abolishment of important rules • Matters associated with the establishment of subsidiaries, etc. and other matters regarding affiliates – Disposal, transfer and receipt of important assets and the borrowing of large amounts – Important matters associated with business operations
Items subject to reporting	<ul style="list-style-type: none"> ● Excluded from items subject to reporting <ul style="list-style-type: none"> – Reporting from directors and the Audit and Supervisory Committee <ul style="list-style-type: none"> • Director's concurrent holding of officer position at other company ● Partially excluded from items subject to reporting <ul style="list-style-type: none"> – Reports on business operations 	<ul style="list-style-type: none"> ● Changed the threshold of monetary value of operations subject to reporting <ul style="list-style-type: none"> – Reports on business operations <ul style="list-style-type: none"> • Orders for projects with net sales of more than ¥500 million • Reports on the signing of a basic agreement regarding M&A • Projects with estimated losses totaling more than ¥100 million • Investment in R&D and commercialization projects totaling more than ¥100 million
Items subject to discussion	<ul style="list-style-type: none"> ● Newly established as items subject to discussion <ul style="list-style-type: none"> – Matters associated with management foundation <ul style="list-style-type: none"> • Matters associated with medium- to long-term management policies • Matters associated with sustainability • Matters associated with risk management • Matters associated with financial strategy – Matters associated with business operations <ul style="list-style-type: none"> • Matters associated with business domains and business strategy • Matters associated with overseas business strategy 	<ul style="list-style-type: none"> – Matters associated with investment <ul style="list-style-type: none"> • Matters associated with human resource strategy • Matters associated with R&D and technological strategy • Matters associated with capital investment strategy • Matters associated with M&A strategy – Other matters considered necessary by the Board of Directors or President

2. Enhancing the quality of discussions by the Board of Directors

Having obtained the approval of the General Meeting of Shareholders held on June 23, 2022 regarding the amendment of the Articles of Incorporation, DTS has shifted from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee. Since this shift has,

through the delegation of authority, resulted in a decrease in the number of mandatory agenda items requiring discussion by the Board of Directors, we will newly establish items subject to discussion as we aim to enhance the quality of the Board of Directors' discussions.

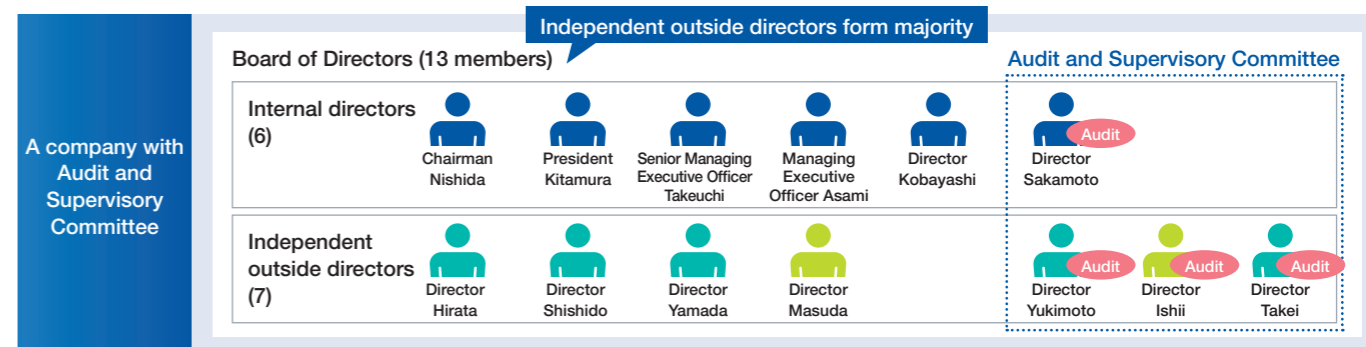
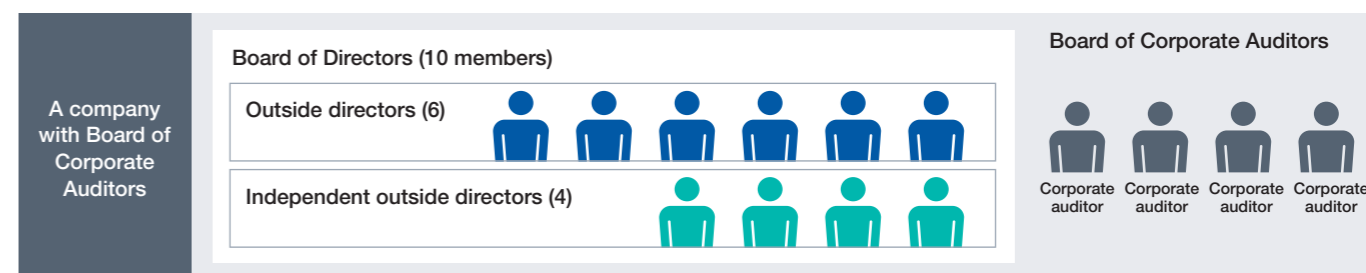
Changes in the content of discussions by the Board of Directors



3. Strengthening the supervisory functions of the Board of Directors

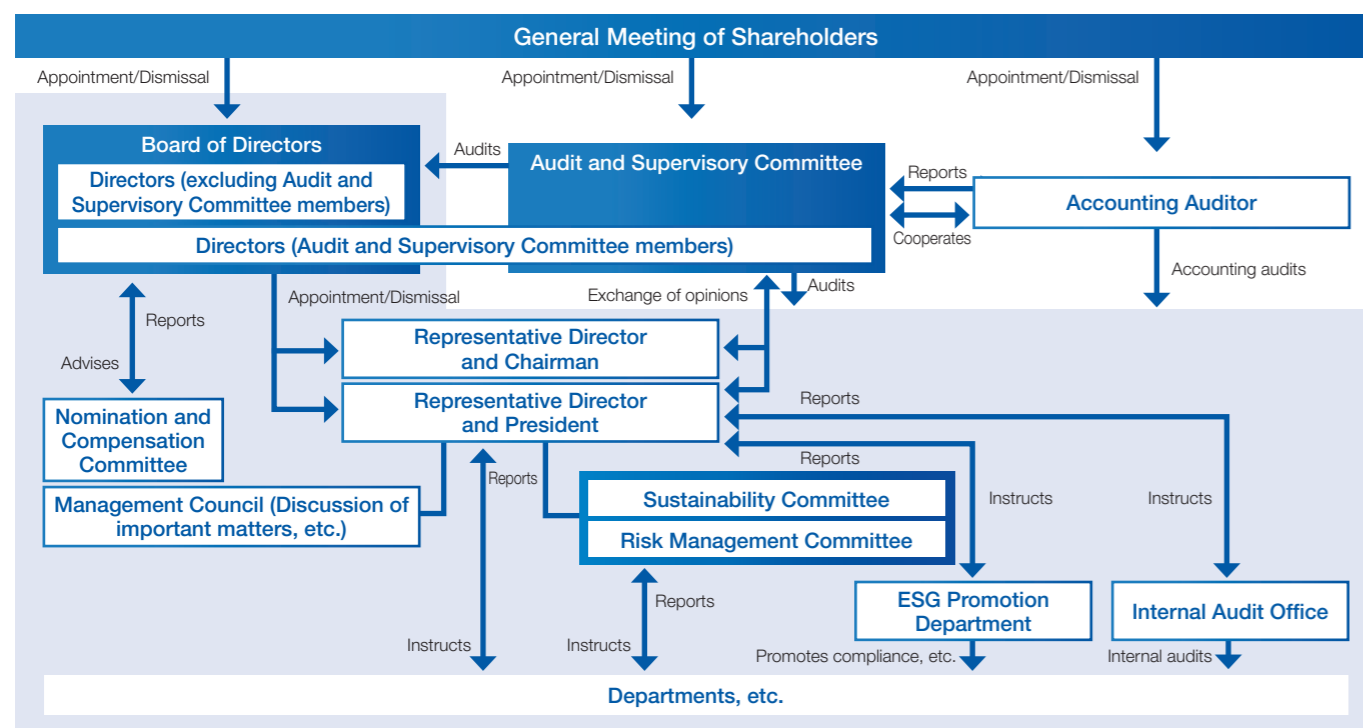
Through the shift to a company with Audit and Supervisory Committee, we have enabled members of the Audit and Supervisory Committee, which is tasked with audits, to vote as members of the Board of Directors, with the aim of strengthening the latter's supervisory functions. Furthermore,

we have appointed seven independent outside directors, who now constitute a majority of the 13 directors. In addition, two of the directors are women, helping increase the diversity of the Board of Directors.



Governance Initiatives

Corporate governance structure



Board of Directors

The Company currently appoints 13 directors. Seven of these directors are outside directors who make up majority and are tasked with helping improve medium to long-term corporate value, and the Company believes that the size of the Board is appropriate for effectively carrying out its functions. In addition, two of directors are women.

The outside directors play key roles, particularly in relation to strengthening our management function based on the knowledge and experience they have acquired in their respective fields as well as to strengthening the supervisory function of the Board's business execution. The outside directors are also appropriately involved in determining compensation for officers, etc., and nominating candidates for directors by, for example, providing a report to the Board of Directors as members of the Nomination and Compensation Committee.

We have secured seven outside directors based on a belief that their presence helps the Company improve its corporate value over the medium to long term, and the Company believes that the size of the Board is appropriate for effectively carrying out its functions.

The Company appoints directors, including outside directors, who are familiar with the industry to which the Company belongs, business content and corporate functions, and who possess a reasonable level of management-related knowledge, experience, and capabilities. The Company believes that all our directors currently have the right background to generate the expected response to major management issues and make prompt and decisive decisions. We also believe that the

composition of the Board is suitably balanced in view of the Company's size and type of business.

Our policy for the nomination of director candidates is to comprehensively examine and then select candidates based on their knowledge, their competencies in terms of accurate decision-making and supervision, and expectations for their contribution to enhancing the Company's medium to long-term corporate value.

Audit and Supervisory Committee

The Audit and Supervisory Committee has four members, including one female member, three of whom are outside directors. Outside directors each play an important role in establishing an objective and fair audit system. The Company seeks to strengthen management accountability and improve management transparency by appointing outside directors. The Company believes that it has an appropriate system in place for securing the trust of shareholders, investors, and other stakeholders.

Executive Officer System and Management Council

The Company appointed 15 executive officers (three of whom serve concurrently as directors). This system enables us to separate the supervisory functions of Board of Directors' decision-making and business execution from the Company's business execution functions and to establish a management system that facilitates prompt and appropriate business execution. In addition, the Company has established the Management Council to serve as an organization for the representative director and president to discuss policies and plans for business execution and other important matters.

Risk Management Committee

The Company has also established a Risk Management Committee to appropriately manage various risks. The Committee regularly assesses risks and strives to identify and grasp problems, formulates and promotes risk response planning, and monitors the organization for risks.

Nomination and Compensation Committee

In conjunction with the shift to a company with Audit and Supervisory Committee, this non-mandatory advisory committee, which has been placed under the Board of Directors and whose majority membership comprises

independent outside directors, has been renamed the Nomination and Compensation Committee. At the same time, we newly appointed an outside director as chair of said committee, further improving its objectivity.

The Board of Directors consults with and receives reports from the Nomination and Compensation Committee on director compensation and the nomination of candidates for director, with outside directors playing central roles at said committee in robustly deliberating these matters.

The Board of Directors pays maximum heed to those reports when making final decisions on director compensation and the nomination of candidates for Director.

Membership of the Board of Directors and the Audit and Supervisory Committee, the attendance and tenure of their members, and the membership of the Nomination and Compensation Committee

◎ Chair ○ Member

Official title or position	Name	Attendance at Board of Directors meetings in FY2021 (Attendance rate)	Attendance at Board of Directors meetings in FY2021(Attendance rate)	Nomination and Compensation Committee	Tenure
Representative Director and Chairman	Koichi Nishida	14/14 (100%)	—	○	13 years
Representative Director and President	Tomoaki Kitamura	14/14 (100%)	—	○	2 years
Director and Senior Managing Executive Officer	Minoru Takeuchi	14/14 (100%)	—		12 years
Director and Managing Executive Officer	Isao Asami	14/14 (100%)	—		3 years
Director and Senior Executive Officer	Hirotohi Kobayashi	14/14 (100%)	—		6 years
Director	Masayuki Hirata	14/14 (100%)	—	○	7 years
Director	Shinya Shishido	14/14 (100%)	—	◎	3 years
Director	Shinichi Yamada	14/14 (100%)	—	○	2 years
Director	Yumiko Masuda	—	—	○	—
Director and Full-time Audit and Supervisory Committee Member	Takao Sakamoto	14/14 (100%)	—		13 years
Director and Audit and Supervisory Committee Member	Kenji Yukimoto	14/14 (100%)	10/10 (100%)		—
Director and Audit and Supervisory Committee Member	Taeko Ishii	13/14 (92%)	10/10 (100%)		—
Director and Audit and Supervisory Committee Member	Yutaka Takei	14/14 (100%)	10/10 (100%)		—

Analysis and Evaluation of Board Effectiveness

The Company conducts an analysis roughly twice a year of the composition of Directors, the status of proposal submissions, the frequency of meetings, the appropriateness of meeting times, and the quality of comments and remarks. Directors and Corporate Auditors actively speak out on the proposals raised, and the Board of Directors meets more frequently than is legally required and makes timely and appropriate decisions.

In addition, the Company has been analyzing and evaluating the effectiveness of the Board of Directors since fiscal 2018 with the aim of improving the functions of the Board and enhancing corporate value. The outline of that analysis is as follows:

(1) Method of implementation

Implementation period: October 2021
Evaluation method: Self-evaluation by all officers (10 directors, four corporate auditors)

(2) Evaluation results

Regarding the evaluation results, the Company has confirmed that firm effectiveness of the Board of Directors is ensured after receiving positive evaluations from all officers, including such comments as "Very active discussions are held at the Board of Directors, and its effectiveness is high," and "Extensive discussions were held on the medium-term management plan and long-term vision."

(3) Actions based on evaluation results, etc.

The Company has decided to promote the following initiatives to further improve the effectiveness of the Board of Directors

- Ensuring time for discussions on important themes by organizing reported items
- Enhancement of discussions on ESG and sustainability

Governance Initiatives

Directors' Compensation

The compensation of directors who are not Audit and Supervisory Committee members of the Company (excluding outside directors) consists of fixed compensation, performance-linked compensation, and stock-based compensation. Performance-linked compensation is paid in the form of a bonus.

When determining the payment ratios, the ratio of fixed compensation (basic compensation) shall decrease the higher the position, and the ratios of performance-linked compensation (bonuses) and non-monetary compensation (stock-based compensation) shall increase the higher the position. The amount of compensation, etc., for officers and the calculation method thereof shall be determined upon the comprehensive consideration of past payment records and the Company's performance.

Performance-linked compensation shall be paid as a bonus and shall be calculated by establishing an amount of consolidated ordinary profit as a standard, comparing it against the consolidated ordinary profit in the fiscal year for which the bonus is to be

paid, and adding a degree of performance achievement compared with financial forecasts to a result obtained by multiplying the growth rate by the amount of the performance-linked standard. However, in the event that business performance deteriorated significantly, the bonus may not be paid. As non-monetary compensation, the Company has also introduced a restricted stock compensation plan for directors who are not Audit and Supervisory Committee members of the Company (excluding outside directors) for the purpose of giving incentives for continuously improving our corporate value and further sharing value with shareholders.

The role of outside directors (excluding directors who are Audit and Supervisory Committee members) and directors who are Audit and Supervisory Committee members is to supervise management or fulfill an auditing function from an independent standpoint. For this reason, they do not receive any performance-linked compensation (bonuses) or non-monetary compensation (stock-based compensation).

Matters Concerning the Internal Control System

Basic Views on Building the Company's Internal Control System

When establishing internal control systems, the Company shall seek to formulate and appropriately operate frameworks relating to the building of an internal control system based on the concept explained below, and strive to continuously improve those frameworks in response to changes in the environment to ensure that its internal control systems comply with laws and regulations and the Company's Articles of Incorporation as well as to ensure the appropriateness of business operations and the reliability of financial reporting.

- (1) The Board of Directors shall decide on policies and plans for the development of internal control systems and receive regular progress reports.
- (2) The Company shall seek to maintain and further improve the supervisory function of directors in the execution of their duties by continuously appointing outside directors.
- (3) The representative director and president shall establish, operate, and improve the internal control system as the chief executive officer for business execution.
- (4) The Company shall establish an Internal Control Promotion Department to build, operate, and improve internal control systems.
- (5) The Company shall establish the Internal Audit Office as a department that conducts internal audits from a standpoint that is independent from business activities. The Internal Audit Office shall monitor the effective building of frameworks to help establish an internal control system and to point out any necessary improvements.
- (6) The Company shall implement appropriate initiatives designed to ensure the reliability of internal controls related to financial reporting based on the Financial Instruments and Exchange Act.

Individual Frameworks Relating to the Internal Control System

(Note: The following is an excerpt of key items. For more details, please refer to the *Corporate Governance Report*.)

1. A framework for ensuring that the execution of duties by directors and employees of the Company complies with laws and regulations and the Articles of Incorporation
2. A framework for storing and managing information pertaining to the execution of duties by directors of the Company
3. Regulations and other frameworks for managing the risk of

- incurring losses at the Company
4. A framework to ensure that the execution of duties performed by directors of the Company is carried out efficiently
5. A framework for ensuring the appropriateness of operations in the Group, which comprises the Company and its subsidiary companies
6. A framework for reporting to the Company matters pertaining to the execution of duties performed by directors, etc., of subsidiary companies
7. Regulations and other systems for managing the risk of incurring losses at subsidiary companies
8. A framework for ensuring that the execution of duties performed by directors of subsidiary companies is carried out efficiently
9. A framework for ensuring that the execution of duties by directors, etc., and employees of subsidiary companies complies with laws and regulations and the Articles of Incorporation
10. Matters concerning employees who are required to assist with the duties of the Company's Audit and Supervisory Committee
11. Matters concerning the independence of the employees referred to in item 10 above from the Directors who are not Audit and Supervisory Committee members
12. Matters relating to ensuring the effectiveness of the Audit and Supervisory Committee's instructions to employees assisting the Audit and Supervisory Committee
13. A framework for directors who are not Audit and Supervisory Committee members and employees to report to the Audit and Supervisory Committee, and other frameworks relating to reporting to the Audit and Supervisory Committee
14. A framework for ensuring that directors or employees, etc., of subsidiary companies, or any individuals who receive reports from those directors, employees, etc., convey the substance of those reports to the Company's Audit and Supervisory Committee
15. A framework for ensuring that no individual who has conveyed a report to the Audit and Supervisory Committee is treated disadvantageously for having done so
16. Procedures for prepayment or reimbursement of expenses arising from the execution of duties by Audit and Supervisory Committee members (limited to expenses related to the execution of duties of the Audit and Supervisory Committee) and other items regarding policies pertaining to the processing of expenses or obligations arising from the execution of said duties
17. Other frameworks for ensuring that audits by the Audit and Supervisory Committee are conducted effectively

Overview of the Operational Progress of the Framework for Ensuring Appropriate Business Operations

The following is an outline of the operational progress made on the framework for ensuring the appropriateness of business operations for the current fiscal year. (Note: The following is an excerpt of key items. For more details, please refer to the *Corporate Governance Report*.)

- (1) Framework on Compliance with Laws and Regulations and the Articles of Incorporation
- (2) Risk Management Framework
- (3) The Execution of Duties by Directors
- (4) The Execution of Duties by Corporate Auditors

Note: On June 23, 2022, the Company shifted from a company with Board of Corporate Auditors to a company with Audit and Supervisory Committee. The above items represent the framework that had been in place during the FY2021.

1. Basic Views on Eliminating Antisocial Forces

The DTS Group Code of Conduct has established the following basic approach to eliminating antisocial forces:

- (1) The Company is determined to firmly eliminate ties with antisocial forces and organizations (*Sokaia*, organized crime groups, etc.) that pose a threat to the order and safety of civil society as part of the Company's ethical corporate duty.
- (2) Driven by a basic premise to never give them money, never use them, never fear them, the Company strives to always maintain a crisis-management awareness and never gives antisocial forces and organizations the opportunity to take advantage.
- (3) If any problems with antisocial forces or organizations do arise, the Company refers to its predetermined prompt

Cross-shareholdings

Cross-shareholding policy

The Company holds shares in its customers' and business partners' firms for the purpose of maintaining and developing medium to long-term business relationships and also for the purpose of collecting information in anticipation of future business alliances.

To verify the suitability of holding these cross-shareholdings, the Board of Directors examines and deliberates on the appropriateness of the purpose of each of the holdings every year.

Methods for verifying shareholdings

1. Appropriateness of total value of shareholdings

Total value of shareholdings must not exceed 10% of total assets.

2. Appropriateness of individual shareholdings

In the course of verifying the appropriateness of individual shareholdings, comprehensive consideration shall be given to the following two perspectives.

- (1) The ROI of each shareholding must exceed the capital cost borne by the Company.
- (2) Such shareholding must be in conformity with the purpose of maintaining its ownership.

Purposes of the Company's shareholdings are as described on the right.

We verify the status of achievement of said purposes as well as changes in the business environment and other factors in order to determine whether to maintain or divest the ownership of such shareholdings.

communication framework to ensure a systematic response in cooperation with the police, lawyers, and any other relevant persons.

2. How We Are Striving to Eliminate Antisocial Forces

The Company has established the following system in order to eliminate antisocial forces:

- (1) Progress on Establishing a Response Management Department and Person in Charge of Preventing Unreasonable Demands
Our General Administration Department serves as our response management department for the elimination of antisocial forces and our General Manager of General Administration Department is designated as the person in charge of preventing unreasonable demands.
- (2) Cooperation with External Specialist Organizations
The Company is working with specialist organizations such as the Metropolitan Police Department, the Tokyo Center for Removal of Criminal Organizations, the Open Intelligence Association, and the Tokyo Bar Association.
- (3) The Collection and Management of Information on Antisocial Forces
The Company collects and stores information by closely exchanging information with external specialist organizations.
- (4) Progress on Preparing a Response Manual
The DTS Compliance Guide, which is distributed to all employees, clearly lays out the Company's basic stance and specific responses to the elimination of antisocial forces, and provides guidance and education on the subject.
- (5) Training Activities
The Company actively participates in workshops hosted by specialist organizations.

Purposes of shareholdings	Details
Holding shares issued by clients	Shareholdings aimed at maintaining relationships with clients or end users and expanding transactions with them
Securing solutions	Shareholdings aimed at building favorable relationships with companies that possess necessary solutions for our business
Securing resources	Shareholdings aimed at building favorable relationships with companies that supply necessary resources for our business
Developing relations	Shareholdings aimed at building relationships that will, in turn, help us develop our business in the future
Other purposes	Shareholdings being maintained for special reasons other than those listed above

At its meeting held in May 2022, the Board of Directors confirmed the appropriateness of all the shareholdings in the Company's current portfolio and thus decided to maintain the ownership of such shareholdings.

In addition, we will reduce and otherwise reconsider shareholdings for which we have deemed the appropriateness of maintaining such shareholdings is not justified due to changes in circumstances or other such rationales going forward. We comprehensively evaluate the pros and cons of proposals involving the exercise of voting rights associated with our shareholdings upon consideration of such factors as the financial and non-financial circumstances of the share issuing company, premised on the notion that appropriately exercising voting rights will help bring about greater value over the medium- to long-term and facilitate sustainable growth with respect to the issuing company.

Governance Initiatives

Risk Management

The DTS Group's Potential Risks and Measures to Address Such Risk

Risks that may have an impact on the operating results and financial position of the DTS Group are as follows. We have identified changes in the social environment along with risks faced by the DTS Group, and are accordingly establishing systems and taking action to mitigate such risks.

Please note, descriptions associated with future events are based on judgments made by the DTS Group (DTS and its consolidated subsidiaries) as of the close of the FY2021.

Risk category	Description	Measures to address risk
1 Changes of business environment	<ul style="list-style-type: none"> Risk that the trends of IT investment from customers could change as a result of changes in social and economic conditions Risk that could affect the DTS Group's earnings performance as a result of the aforementioned change 	<ul style="list-style-type: none"> Provide IT services according to the needs of customers in a wide range of industries and types of business on the basis of quality that relies on business expertise and information technology
2 Price competition	<ul style="list-style-type: none"> Risk that competition will intensify in the information services industry with regard to prices as a result of new entrants from other industries, entry into Japan by overseas companies, or the increasing availability of software packages Risk that the results of the DTS Group may be affected if any external factor causes downward price pressure in excess of that anticipated by the Company 	<ul style="list-style-type: none"> Thoroughly promote project profit management Improve productivity Engage in efforts to train DX employees Provide high-value added services that use new technology
3 Business overseas	<ul style="list-style-type: none"> Risk inherent in overseas business transactions in terms of problems arising from insufficient understanding or research regarding national and local laws, such as export control laws, and trade customs, or differences between such laws and customs Risk with respect to the establishment, share acquisition, and operation of overseas subsidiaries, including inability to comply properly with local laws, accounting treatments, labor management practices, contracts, and project management Risk that the Group becomes liable for damages if it is unable to comply appropriately with local legal regulations, etc. Risk that could affect the Group's earnings performance as a result of the aforementioned 	<ul style="list-style-type: none"> Strengthen governance, including that of overseas subsidiaries Recognize risks listed to the left and strengthen risk management by putting a business division in charge of handling risks
4 Business models and technological innovation	<ul style="list-style-type: none"> Risk of earnings performance becoming subject to effects of the Group falling behind in adjusting to rapid changes in customer needs, such as their adaption to DX, or falling behind in adjusting to technological innovation 	<ul style="list-style-type: none"> Proactively invest in digital-driven solution and service businesses as well as human resources capable of realizing such businesses to develop a new growth model
5 Legal regulation	<ul style="list-style-type: none"> Risk of the Group becoming subject to deteriorating social credibility due to a serious compliance violation or due to the occurrence of an event involving a conflict with laws and regulations such as the Companies Act, the Financial Instruments and Exchange Act or the Personal Information Protection Act 	<ul style="list-style-type: none"> Comply with laws and regulations such as the Companies Act, the Financial Instruments and Exchange Act and the Personal Information Protection Act Create the Group's compliance basic principles, code of conduct, etc. Provide compliance training and awareness programs to the Group corporate officers and employees as well as partner company employees
6 Litigation, etc.	<ul style="list-style-type: none"> Risk that the Group could become the subject of litigation, including claims for damages due to faults, defects, or delivery delays in the services provided by the Group, infringement of the rights of third parties, customer information leaks, including of personal information, defamation, inappropriate labor management, or other matters 	<ul style="list-style-type: none"> Strengthen corporate governance Establish and strengthen compliance, information security and quality control systems
7 Intellectual property rights, etc.	<ul style="list-style-type: none"> Risk that the Group's business may receive a claim for infringement on an intellectual property right of another company Risk that a third party may infringe on an intellectual property right of the Group 	<ul style="list-style-type: none"> Improve employees' awareness regarding intellectual property rights through training, etc. File applications and register patents and trademarks for the technologies and business models that the Group needs
8 Human resources, etc.	<ul style="list-style-type: none"> Risk of progress not materializing as expected in terms of securing and developing employees having high technical skills and expertise, which serves as one of essential factors for sustainable growth of the Group. Risk that earnings performance and business development may be affected by an exodus of employees or decrease of productivity caused by the deterioration of working environments 	<ul style="list-style-type: none"> Secure and develop employees having high technical skills and expertise Respect individuality and diversity of employees Introduce various systems for workstyle reforms Promote a proper balance between work and private life and improve working environments, including proper working time management, and active leave acquisition Hire new graduates from a medium- to long-term perspective and career employees with excellent expertise Continue learning of new techniques in the DX area and support the acquisition of professional qualifications
9 Management of software development projects	<ul style="list-style-type: none"> Risk of encountering projects subject to deteriorating profitability due to shortened systems development turnaround times along with accompanying unforeseen circumstances with respect to project management and quality control 	<ul style="list-style-type: none"> Prevent occurrence of unprofitable projects by using the Project Promotion Committee to regularly deliberate on matters that include the dissemination of DTS in-house development standards, whether or not to accept projects involving across-the-board undertakings at monetary amounts above certain levels, and the status of projects in terms of their progress

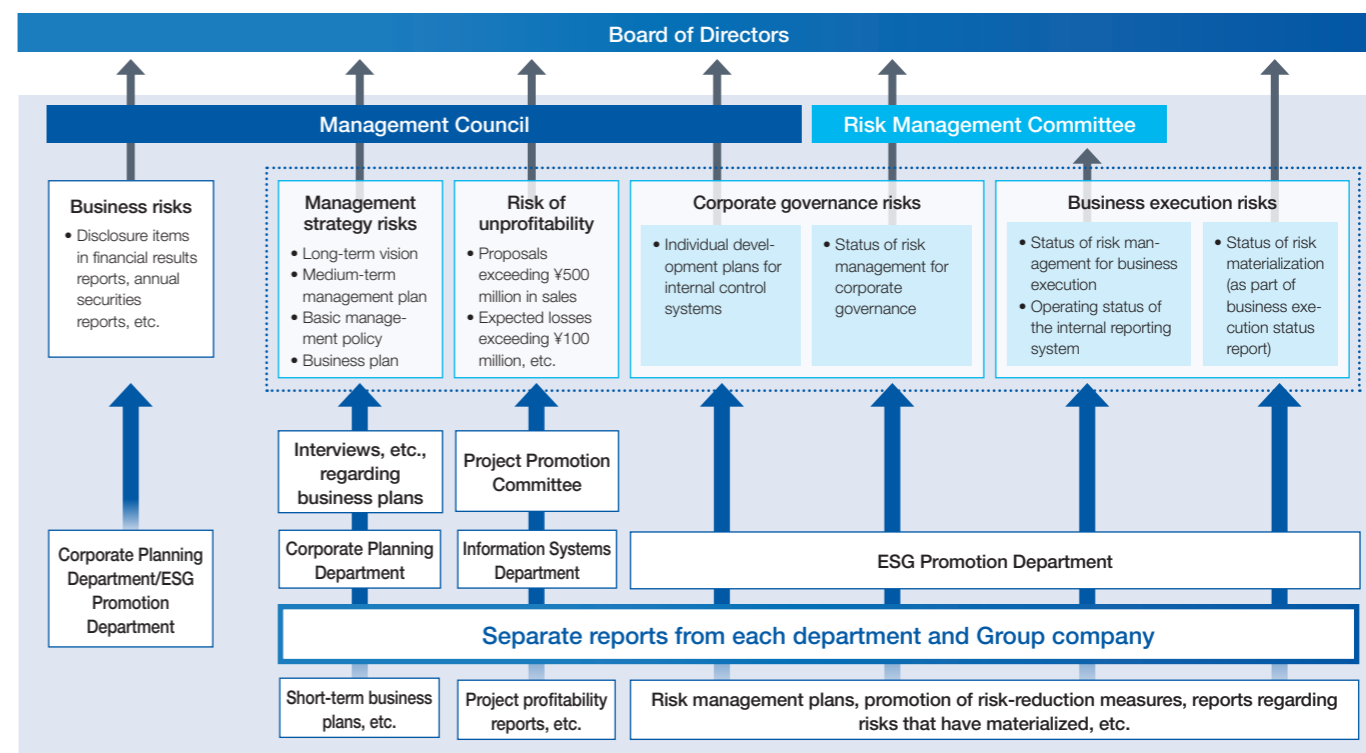
10 Security	<ul style="list-style-type: none"> Risk that the Company becomes liable for damages due to serious leakage of information Risk of contract cancellation and other such outcomes arising from loss of trust among clients 	<ul style="list-style-type: none"> Develop internal rules on the handling and management of information Obtain "Privacy Mark" certification as one of the Company's activities for the protection of personal information Carry out training to enhance awareness about handling information among employees of the Company and employees of business partners Obtain certification for the Company's Information Security Management System (ISMS) and strengthen its security management structure further Formulate a Compliance Guide to be followed by the entire DTS Group, including Group companies in Japan and overseas, and develop internal rules at each Group company Raise employees' awareness regarding the handling of security information
11 Business continuity	<ul style="list-style-type: none"> Risk that the earnings performance of the Group may be particularly affected by delays in providing services associated with restoration in the event of an unexpected event such as the outbreak of a large-scale natural disaster or the spread of a contagious disease in Japan's greater metropolitan areas where many bases, including the corporate headquarters, are concentrated 	<ul style="list-style-type: none"> Draw up preliminary plans in preparation for disasters such as major earthquakes, fires and epidemics Regularly carry out emergency drills for disaster contingencies such as major earthquakes and fires Adopt safety confirmation systems and develop a disaster response manual Assure business continuity while utilizing working systems, including telework and staggered working hours, prioritizing the safety and security of employees, and determining customers' intentions
12 Impact of COVID-19	<ul style="list-style-type: none"> Risk that could affect the Group's business operations if fallout from the COVID-19 pandemic continues over the long term Impact of IT investment controls or postponements associated with a customer downturn resulting from a drop in consumption Risk of orders received not progressing as expected due to the above factors 	<ul style="list-style-type: none"> With the state of society changing due to the spread of COVID-19, use the creation of new business to accelerate measures to adapt to this new era

Establishment of a Risk Management System

DTS has established the Risk Management Committee for the purpose of appropriately managing various risks. The committee regularly evaluates risks, identifies concerns, and draws up contingency plans. It also regularly monitors developments to determine whether or not risk is likely to

materialize. The Risk Management Committee also addresses major risks incurred by Group companies by checking the status of risks and viability of contingency plans, and by supporting efforts to improve the risk management systems of Group companies.

Risk management system



Governance Initiatives

Information Security

At DTS, we embrace the social responsibilities inherent in our information management practices, serving as a comprehensive information service provider. DTS accordingly operates in a manner that utilizes management systems in compliance

Policy for information security

In order to protect important information assets and to maintain the trust of clients, officers, employees, business partners, and other stakeholders, DTS has formulated a Basic Policy for Information Security, in accordance with which it builds and operates information security management systems. In addition, DTS is aware of information security risks, and takes measures to prevent improper access to information assets or the loss, destruction, falsification, or leaking of information assets.

 Policy for information security
https://www.dts.co.jp/corp/security_isms/ (Japanese only)

Management system for information security

DTS has appointed an officer responsible for the management of information assets, placing this individual in charge of building information security systems, and works to maintain and enhance information security.

In recent years, it has also become necessary to provide support that keeps pace with the needs of the modern era, such as telework and the use of the cloud. For these reasons, we have formulated Information Security Guidelines to set out specific information security procedures that should be followed by our employees and are striving to raise awareness of this topic. These guidelines apply not only to the internal operating environments but also to those of customers, and represent our efforts to improve compliance with information security.

Information security education and training

Every year, DTS implements educational and awareness-raising measures for all officers and employees, including those of Group companies, and for employees of partner companies involved in DTS projects, so as to ensure that they recognize the importance of information security.

In order to prevent information security incidents, we are also taking steps to roll out and inspect workplace structures for information security management, as well as establishing activities for continuous improvement.

Initiatives to Improve Quality

DTS has built quality management systems with the aim of achieving consistency in quality, cost, and delivery as well as mitigating risks.

By working to standardize and continuously improve operations, we seek to enhance the maturity of our organization.

 Quality policy and quality management systems
<https://www.dts.co.jp/corp/qms/> (Japanese only)

with various laws, regulations and guidelines pertaining to information management. We furthermore develop systems for lending support to our respective Group companies.

Protection of personal information

DTS considers the appropriate handling of personal information to be a matter of social responsibility, and the organization has formulated and follows a “Personal Information Protection Policy,” which is based on the Act on the Protection of Personal Information and “JIS Q 15001: Personal information protection management systems - requirements.”

Moreover, in order to prevent personal information from being leaked, lost, or damaged and to exert appropriate control over specific personal information, we have identified the risks that should be managed.

We periodically carry out measures to raise awareness and monitor these risks as part of our efforts to provide information security-related education, training, and inspections.

 Personal Information Protection Policy
Basic Policy on the Proper Handling of Specific Personal Information
https://www.dts.co.jp/sustainability/governance/privacy_policy/
(Japanese only)

Information security certifications

Particularly when it comes to its client services, DTS strives to deliver high-quality services, enlisting management systems optimally tailored to clients’ business operations with the aims of providing smart information services and appropriately handling their information assets.

[Certifications]

- Acquisition of “Privacy Mark” certification: No. 11820145-(10)

- Acquisition of ISO/IEC 27001 (ISMS); JUSE-IR-026
Acquisition of ISO/IEC 27017 (ISMS cloud security)
JUSE-IR-026-CS01

IT Platform Service Sector, IT Platform Service Division 3, Members in charge of ITS No. 1, ReSM Team and relevant departments (IT Platform Service Planning Department)

- Acquisition of ISO/IEC 27001 (ISMS); JUSE-IR-345
IT Platform Service Sector, IT Platform Service Division 2, Members in charge of BPO No. 4, Tokorozawa Center

- Acquisition of PCI DSS (Payment Card Industry Data Security Standard) version 3.2.1; ISMS-PCI 0217
IT Platform Service Sector, IT Platform Service Division 2, Members in charge of BPO No. 4

Proprietary standardized processes to meet demands for high-end quality

The DTS Group strives to achieve greater transparency in ensuring product and service quality. Our efforts to such ends have involved developing our own processes based on the CMMI® framework, establishing a Project Management Strategy

(PMS) as standardized processes, and enlisting the entire organization responsible for systems development in efforts to achieve quality management system (ISO 9001) certification.

In the PMS, in terms of initiatives aimed at fortifying systems integration capabilities and increasing productivity, we have adopted agile development and other modern approaches, and are working to incorporate automation tools so as to be able to achieve continuous improvements in functionality. With regard to systems administration, we have also been managing services that utilize information technologies based on the PDCA cycle approach, incorporating into the PMS elements of Information Technology Services Management System (ITSMS) practices for systematically ensuring and

Compliance (Ethical Behavior)

The DTS Group regards compliance as one of its key challenges of management. The Group has made efforts to raise awareness among its officers (including Directors) and employees, and employees of partner companies, by furnishing all relevant personnel with the DTS Compliance Guide, which contains its compliance basic principles and code of conduct.

We furthermore seek to raise compliance awareness by implementing training on a yearly basis with the aim of ensuring that our officers and employees come to take ownership of compliance issues from their respective standpoints and apply that mindset to management of our operations.

In FY2021, we held compliance training sessions three times for our officers and employees as well as temporary workers and employees of our partner companies engaged in the Company’s operations.

We monitor the effectiveness of such initiatives by administering compliance questionnaires to our officers and employees once per year. The results of these questionnaires are used for conducting surveys of compliance awareness, identifying issues, and devising actions as necessary.

Results for FY2021	
Compliance training sessions**	Three times a year Attendees (average): 9,154
Of which, anti-corruption training sessions	Once a year Attendees: 9,294
Compliance questionnaire**	Once a year Respondents: 5,102

*1 Targets DTS and its Group companies in Japan (including partner companies)

*2 Targets DTS and its Group companies in Japan and overseas

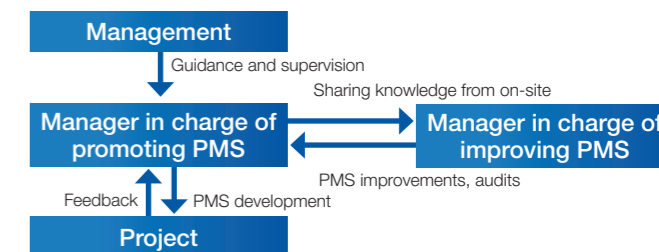
Preventing All Kinds of Corruption, Including Bribery

The DTS Group observes relevant laws and regulations, including those applied in the industries in which its clients operate, and conducts its business fairly and openly. In order to cultivate sound and positive relationships with its business partners, DTS calls on its employees to exercise common sense and moderation in relation to exchanges of gifts and entertainment, and has drawn up “Anti-corruption Guidelines.”

In November 2020, it began operating a reporting system on entertainment and gifts received. This allows the Company to confirm that exchanges of gifts and entertainment have been

improving the quality of IT services in order to provide one-stop services underpinned by high-quality operations. (CMMI® is a registered trademark of Carnegie Mellon University in the United States.)

Quality management structure



conducted within the bounds of common sense, that no excessive gifts or entertainment have been accepted, and that illegal profits have not been demanded of/by business partners.

Internal Reporting System (Help Line)

The DTS Group has established an internal reporting system (Help line) with the aim of promoting ethical and legal compliance by preventing legal violations, including fraudulent acts and other illegal behavior, detecting such developments early on, and taking corrective action.

Our employees are able to report matters and seek consultation via one of the following contact points set up specifically for such use.

- (1) Help line (in-house contact point)
- (2) Reporting line to directors (appointed from among Audit and Supervisory Committee members)
- (3) External contact point for all Group companies (external attorney)

We have established multiple reporting routes that include e-mail, dedicated telephone lines, and written documentation for such reporting and consultation, and have otherwise created an environment conducive to enabling employees and others to readily report matters and seek consultation as necessary. In addition, these points of contact have been used every year.

We stringently ensure the protection of those reporting matters in terms of their privacy, specifics of reported concerns, receipt of such reports, and investigations. We furthermore ensure that those reporting matters do not become subject to unfavorable treatment as a consequence of such reporting.

Internal reporting framework encompassing overseas subsidiaries

We inform our overseas subsidiaries about the external contact point for all Group companies, and make it possible to report matters and seek consultation in local languages, including English, Chinese, and Vietnamese. We furthermore coordinate efforts with local law firms and other such entities in alignment with the specifics of reporting and consultation, and have otherwise established a system for furnishing replies in local languages.

Governance Initiatives

Corporate Officers

As of July 1, 2022 (The number of shares of the Company held as of March 31, 2022)

Directors

**Chairperson and Representative Director
Koichi Nishida**

(Date of birth: January 24, 1956)

Career summary, positions, responsibilities and significant concurrent positions

- June 2001** Head, Planning Department, Financial System Platforms Sector, NTT DATA Corporation
- November 2003** Deputy Head, Financial System Platforms Sector, NTT DATA Corporation
- May 2004** Deputy Head, Regional Banking System Platforms Sector, NTT DATA Corporation
Head, General Banking Business Unit, NTT DATA Corporation
- June 2005** Senior Vice President, NTT DATA Corporation
Head, Regional Banking System Platforms Sector, NTT DATA Corporation
- June 2009** Director and Executive Vice President, the Company
- April 2010** Representative Director and President
- April 2021** Chairperson and Representative Director (current position)

Number of shares of the Company held

48,092

Reasons for appointment

Mr. Koichi Nishida has a wealth of experience in organizational operations, including corporate management, in the financial sector of a major information and telecommunications company. He led the overall management of the Group as Representative Director and President from 2010 to 2020, and has been working on business expansion and management reform. The Company expects that he will leverage his abundant experience and achievements and play a role in supervising its business execution for promoting ESG management and creating new corporate value. Therefore, the Company appointed him as Director.

**Representative Director and President
Tomoaki Kitamura**

(Date of birth: September 24, 1964)

Career summary, positions, responsibilities and significant concurrent positions

- July 2003** Head, Business Development Sector, NTT DATA Corporation
- July 2009** Head, Data Center Business Unit, Business Solution Sector, NTT DATA Corporation
- July 2012** Head, Data Center Business Unit, Fundamental System Platforms Sector, NTT DATA Corporation
- June 2015** President and CEO, NTT DATA TOKAI Corporation
- June 2018** Senior Vice President and Head, Business Solution Sector, NTT DATA Corporation
Director, NTT DATA INTRAMART CORPORATION
Director, NTT DATA BUSINESS SYSTEMS CORPORATION
- June 2020** Director and Executive Vice President, the Company
- April 2021** Representative Director and President (current position)
Head, Digital Solution Sector

Number of shares of the Company held

2,880

Reasons for appointment

Mr. Tomoaki Kitamura has a wealth of experience in technology, R&D, and corporate management, including achievements in managing a major information and telecommunications company and its group companies. He has been responsible for managing the Group as Representative Director and President since 2021, and as Representative Director and President since 2021. The Company expects that he will leverage his abundant experience and achievements to continue promoting the business of the Group and play a role in supervising its business execution for promoting ESG management and creating new corporate value. Therefore, the Company appointed him as Director.

**Director and Senior Managing Executive Officer
Minoru Takeuchi**

(Date of birth: June 21, 1961)

Career summary, positions, responsibilities and significant concurrent positions

- April 1985** Joined the Company
- October 2007** Executive Officer
- June 2010** Director and Executive Officer
- April 2016** Executive Managing Director and Executive Officer
Chairman, DTS (Shanghai) CORPORATION (current position)
Chairman, DTS SOFTWARE VIETNAM CO., LTD. (current position)
- July 2017** Chairman, DTS America Corporation (current position)
- April 2018** Director and Managing Executive Officer, the Company
- September 2019** Chairman, Nelito Systems Limited (current position)
- April 2022** Director and Senior Managing Executive Officer, the Company (current position)

Number of shares of the Company held

15,765

Reasons for appointment

With his experience and track record in organizational management in the financial sector, as well as of managing Group companies outside Japan, Mr. Minoru Takeuchi has been responsible for the management of the Company. The Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and playing a role in supervising its business execution. Therefore, the Company appointed him as Director.

**Director and Managing Executive Officer
Isao Asami**

(Date of birth: October 20, 1964)

Career summary, positions, responsibilities and significant concurrent positions

- April 1987** Joined the Company
- April 2010** General Manager, Corporate Planning Department
- April 2012** Executive Officer
- April 2013** General Manager, Embedded Systems Business Department, ICT Sector
- April 2017** Representative Director and President, DTS INSIGHT CORPORATION (current position)
- June 2019** Director and Executive Officer, the Company
- April 2020** Director and Senior Executive Officer
Head, Enterprise and Solution Sector
- April 2022** Director and Managing Executive Officer, the Company (current position)

Number of shares of the Company held

17,987

Reasons for appointment

With his experience in organizational management in the built-in software and telecommunications sector and in company-wide corporate planning, as well as his experience and track record in managing Group companies, Mr. Isao Asami has been responsible for the management of the Company. The Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and playing a role in supervising its business execution. Therefore, the Company appointed him as Director.

**Director and Senior Executive Officer
Hirotohi Kobayashi**

(Date of birth: September 4, 1960)

Career summary, positions, responsibilities and significant concurrent positions

- April 1980** Joined the Company
- April 2008** General Manager, Planning Department, Corporate Staff Division
- April 2010** Executive Officer
- March 2016** President & CEO, DIGITAL TECHNOLOGIES CORPORATION (current position)
- April 2016** General Manager, General Affairs Department, the Company
- June 2016** Director and Executive Officer
- April 2019** Head, ICS Sector
- April 2020** Director and Senior Executive Officer (current position)
- June 2021** Director, I Net Rely Corporation (current position)
- April 2022** Head, IT Platform Service Sector, the Company (current position)

Number of shares of the Company held

11,520

Reasons for appointment

With his wealth of experience in organizational management in the industry and telecommunications sector and in administrative departments, Mr. Hirotohi Kobayashi has been responsible for the management of the Company. The Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and playing a role in supervising its business execution. Therefore, the Company appointed him as Director.

**Outside Director
Masayuki Hirata**

(Date of birth: July 30, 1947)

Career summary, positions, responsibilities and significant concurrent positions

- June 1998** General Manager, Business Administration Department, Group Company Headquarters, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
- July 1999** Head, Fourth Sector, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (retired in June 2000)
- June 2000** Member of the Board of Directors, General Manager of Affiliated Business Department, NTT DOCOMO, INC.
- June 2001** Executive Managing Director, General Manager of Accounts and Finance Department, NTT DOCOMO, INC.
- June 2004** Senior Executive Vice President, General Manager of Global Business Division, NTT DOCOMO, INC. (retired in June 2008)
- June 2008** President & CEO, InfoCom Research, Inc. (retired in June 2013)
- June 2013** Corporate Adviser, InfoCom Research, Inc.
Outside Board Director, SKY Perfect JSAT Holdings Inc. (retired in June 2016)
- July 2014** Adviser, InfoCom Research, Inc.
- June 2015** Outside Director, CHUCO Co., Ltd. (retired in June 2019)
Director, the Company (current position)
- July 2016** Senior Fellow, InfoCom Research, Inc. (retired in March 2022)

Number of shares of the Company held

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Reasons for appointment

Mr. Masayuki Hirata has wide-ranging operational experience in the telecommunications industry and abundant experience and a high level of insight regarding corporate management. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company appointed him as Outside Director.

**Outside Director
Shinya Shishido**

(Date of birth: September 29, 1948)

Career summary, positions, responsibilities and significant concurrent positions

- April 1998** General Manager, Systems Department, Japan Housing Finance Agency
- May 2001** General Manager, Osaka Branch, Japan Housing Finance Agency
- June 2003** Director, Japan Housing Finance Agency (retired in March 2007)
- April 2007** Managing Director, HGS Co., Ltd. (retired in March 2011)
- June 2007** Representative Director and President, JLS. LTD. (retired in March 2011)
- April 2011** Chairman, Incorporated Administrative Agency Japan Housing Finance Agency (retired in March 2015)
- April 2015** Councillor, TOHOKU GAKUIN (retired in March 2019)
- May 2016** Director, Escrow Agent Japan, Inc. (retired in May 2019)
- June 2019** Director, the Company (current position)
- June 2020** Director, Takamatsu Corporation Co., Ltd. (current position)

Number of shares of the Company held

—

Reasons for appointment

Mr. Shinya Shishido has abundant experience and a high level of insight as a manager in the housing loan industry and the real estate industry. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company appointed him as Outside Director.

**Outside Director
Shinichi Yamada**

(Date of birth: February 25, 1952)

Career summary, positions, responsibilities and significant concurrent positions

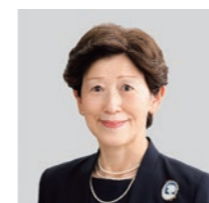
- June 2003** Director and Deputy Head, Business Development Sector, NTT DATA Corporation
- May 2004** Director and Head, Business Development Sector, NTT DATA Corporation
- June 2005** Senior Vice President and Head, Fundamental System Platforms Sector, NTT DATA Corporation
- June 2007** President and CEO, NTT DATA INTELLILINK Corporation (retired in June 2011)
Executive Vice President; Head, Fundamental System Platforms Sector, and Head, Technology Development Sector, NTT DATA Corporation
- June 2009** Representative Director and Executive Vice President; Head, Fundamental System Platforms Sector, and Head, Technology Development Sector, NTT DATA Corporation
- July 2009** Representative Director and Executive Vice President; Head, S&T Company; Head, SI Competency Sector, and Head, Technology Development Sector, NTT DATA Corporation (retired in June 2011)
- June 2011** President and CEO, NTT Software Corporation (retired in March 2017)
- April 2017** Director, NTT TechnoCross Corporation (retired in June 2017)
- June 2017** Special Advisor, NTT TechnoCross Corporation (retired in June 2018)
- June 2020** Director, the Company (current position)

Number of shares of the Company held

—

Reasons for appointment

Mr. Shinichi Yamada has abundant experience and a high level of insight regarding the industry trends and corporate management in the IT industry. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company appointed him as Outside Director.

**Outside Director
Yumiko Masuda**

(Date of birth: October 20, 1955)

Career summary, positions, responsibilities and significant concurrent positions

- May 1990** Banking Group Manager, Bellsystem24, Inc. (retired in June 1996)
- September 1996** Solutions Sales, IBM Japan
- January 2003** Financial Strategy Consulting Cluster Partner, GS Consulting Department, IBM Japan (retired in June 2006)
- July 2006** Director, Strategic Industry Sales Division, Field Service Control Division, SAP Japan Co., Ltd. (retired in May 2009)
- June 2009** Representative Director, Consumer Voice Research Institute, Limited (current position)
- June 2018** Outside Director, PC Depot Corporation (current position)
- June 2022** Director, the Company (current position)

Number of shares of the Company held

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Reasons for appointment

Ms. Yumiko Masuda has experience in management at multiple major foreign IT companies and abundant experience and a high level of insight regarding consumer and customer sentiment management, specialized customer engagement knowledge, and diversity and inclusion. The Company expects that she will utilize this experience and insight in its management decisions and that she will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company appointed her as Outside Director.

Governance Initiatives

Audit and Supervisory Committee



Director and Full-Time Audit and Supervisory Committee Member

Takao Sakamoto
(Date of birth: January 4, 1961)

Career summary, positions, responsibilities and significant concurrent positions

April 1987 Joined the Company
April 2004 General Manager, Planning Department, Corporate Staff Division
April 2007 Executive Officer
June 2009 Director and Executive Officer
April 2013 General Manager, Human Resources Department
March 2014 Representative Director and President, MIRUCA CORPORATION
April 2016 Executive Managing Director and Executive Officer, the Company
April 2019 Director and Managing Executive Officer, the Company
June 2022 Corporate Auditor, DTS INSIGHT CORPORATION (current position)
June 2022 Director (Full-Time Audit and Supervisory Committee Member) (current position)

Number of shares of the Company held

19,414

Reasons for appointment

Mr. Takao Sakamoto has experience in administrative departments such as companywide corporate planning and human resources, as well as experience and track record in managing Group companies. The Company expects that he will leverage his experience in business execution in its audit structure. Therefore, the Company appointed him as a Director who is an Audit and Supervisory Committee Member.



Outside Director and Audit and Supervisory Committee Member

Kenji Yukimoto
(Date of birth: April 10, 1949)

Career summary, positions, responsibilities and significant concurrent positions

September 1974 Joined PriceWaterhouse Certified Public Accountant Firm
March 1977 Registered as Certified Public Accountant
January 1992 Representative Partner, Aoyama Audit Corporation PriceWaterhouse
April 2000 Representative Partner, ChuoAoyama PricewaterhouseCoopers
May 2007 Senior Partner, Ernst & Young ShinNihon (retired in June 2010)
July 2010 President, Yukimoto Kenji Certified Public Accountant Office (current position)
August 2010 Director, Alpha Profession Group (current position)
March 2013 Outside Corporate Auditor, Kyodo Public Relations (retired in March 2021)
June 2016 Corporate Auditor, the Company (retired in June 2022)
June 2022 Director (Audit and Supervisory Committee Member), the Company (current position)

Number of shares of the Company held

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Reasons for appointment

Mr. Kenji Yukimoto is certified as a certified public accountant. The Company expects that he will utilize his wealth of experience and specialized knowledge regarding finances and accounting in its audit structure, contribute to strengthening the supervisory functions of business execution, and provide advice from a broader perspective. Therefore, the Company appointed him as an Outside Director who is an Audit and Supervisory Committee Member.



Outside Director and Audit and Supervisory Committee Member

Taeko Ishii
(Date of birth: May 7, 1956)

Career summary, positions, responsibilities and significant concurrent positions

April 1986 Registered as an attorney (Member of Dai-Ichi Tokyo Bar Association) Joined Ryoichi Wada Law Office
March 1992 Established Ota Ishii Law Office as Deputy Director (current position)
April 1998 Civil Conciliation Commissioner, Tokyo District Court (current position)
April 2003 Member of Study Group for Case Law on Public Employees, Human resources and Pension Bureau, Ministry of Internal Affairs and Communications (currently Study Group for Case Law on Public Employees, Cabinet Human Resources Bureau, Cabinet Secretariat) (current position)
April 2004 Outside Corporate Auditor, Furusato Service Co., Ltd. (current position)
November 2007 Special Committee Member, Central Construction Work Disputes Committee, Ministry of Land, Infrastructure, Transport and Tourism (current position)
April 2008 Part-time Lecturer, Waseda Law School, Waseda University
June 2014 Outside Corporate Auditor, DATALINKS CORPORATION
June 2018 Corporate Auditor, the Company (retired in June 2022)
June 2018 Outside Audit and Supervisory Board Member, NEC Corporation (retired in June 2022)
June 2018 Outside Director, Sumitomo Metal Mining Co., Ltd. (current position)
June 2021 Outside Corporate Auditor, Dai Nippon Printing Co., Ltd. (current position)
June 2022 Director (Audit and Supervisory Committee Member), the Company (current position)

Number of shares of the Company held

-

Reasons for appointment

Ms. Taeko Ishii is an attorney. The Company expects that she will utilize her wealth of experience and specialized knowledge regarding finances and accounting in its audit structure, contribute to strengthening the supervisory functions of business execution, and provide advice from a broader perspective. Therefore, the Company appointed her as an Outside Director who is an Audit and Supervisory Committee Member.



Outside Director and Audit and Supervisory Committee Member

Yutaka Takei
(Date of birth: October 23, 1955)

Career summary, positions, responsibilities and significant concurrent positions

April 1999 General Manager, Namba Branch, The Mitsui Trust Banking, Limited
April 2000 General Manager, Namba Branch, The Chuo Mitsui Trust and Banking Company, Limited
November 2000 General Manager, Nihonbashi Sales Sixth Department, The Chuo Mitsui Trust and Banking Company, Limited
July 2001 General Manager, Urawa Branch, The Chuo Mitsui Trust and Banking Company, Limited
October 2002 General Manager, Sendai Branch, The Chuo Mitsui Trust and Banking Company, Limited
October 2003 General Manager, Transfer Agent Department, The Chuo Mitsui Trust and Banking Company, Limited
October 2007 Executive Officer and General Manager, Transfer Agent Department, The Chuo Mitsui Trust and Banking Company, Limited (retired in May 2009)
June 2009 Director and President, Tokyo Securities Transfer Agent Co., Ltd. (retired in March 2017)
April 2017 Advisor, Fujicitio Co, Ltd.
May 2017 Director, Fujicitio Co, Ltd.
January 2018 Executive Managing Director, Fujicitio Co, Ltd. (retired in May 2019)
May 2019 Advisor, Tokyo Securities Transfer Agent Co., Ltd. (retired in October 2020)
June 2019 Corporate Auditor, the Company (retired in June 2022)
April 2021 Senior Researcher, The Japan Association of Charitable Organizations
June 2021 Head of Research Department, The Japan Association of Charitable Organizations (current position)
June 2022 Director (Audit and Supervisory Committee Member), the Company (current position)

Number of shares of the Company held

-

Reasons for appointment

Mr. Yutaka Takei has abundant experience and a high level of insight as a manager of a trust bank, a securities transfer agent and a retailer. The Company expects that he will utilize this experience and insight in its audit structure, contribute to strengthening the supervisory functions of business execution, and provide advice from a broader perspective. Therefore, the Company appointed him as an Outside Director who is an Audit and Supervisory Committee Member.

Toward achieving the Company's Long-Term Vision (Vision2030) and the Medium-Term Management Plan (FY2022 to FY2024), we identified skills that Directors are expected to demonstrate in light of the five key issues. These skills and the skills matrix are as follows:

Key issues

Increase in the value of proposals; Combination of SI and digital technology; Expansion into new fields and the global market; Enhancement of ESG initiatives; and Reform of its management base

Our stance on skills

Skills	Our stance on skills
Corporate management	To enhance ESG initiatives with an aim to become a company that practices sustainable management and grows together with society, management experience and skills gained at listed companies are expected.
Internationality	To expand into new fields and the global market with an aim to capture new opportunities for business growth and revenue source, insight gained through experiencing overseas businesses and skills for future business development are expected.
Sales / Marketing	To increase the value of proposals through a broad range of proposal capabilities and solutions based on leading technologies, business experience and skills in the sales and marketing field are expected.
Development / R&D	To add digital solution services to the SI business at which we excel with an aim to realize the combination of SI and digital technology, business experience and skills in the development / R&D field are expected.
Finance / Capital strategy	Besides accurate financial reporting, to strengthen the operations and reform our management base through continuous investments by taking the advantage of our solid financial base, business experience and skills in the finance / capital strategy field are expected.
Human resource development / D&I	To realize diversity and inclusion where employees share the joy of work and respect diversity with an aim to enhance ESG initiatives, business experience and skills in the human resource development / D&I field are expected.
Internal control / Risk management	To strengthen governance and to establish and practice risk management systems, as well as to enhance ESG initiatives, business experience and skills in the internal control / risk management fields are expected.

Skills Matrix

Name	Corporate management	Internationality	Sales / Marketing	Development / R&D	Finance / Capital strategy	Human resource development / D&I	Internal control / Risk management
Koichi Nishida	●		●	●	●		
Tomoaki Kitamura	●		●	●		●	
Minoru Takeuchi		●	●	●			
Isao Asami				●	●		●
Hirotoishi Kobayashi			●	●			
Masayuki Hirata	●	●			●		●
Shinya Shishido	●		●			●	
Shinichi Yamada	●	●		●			
Yumiko Masuda		●	●			●	
Takao Sakamoto					●	●	●
Kenji Yukimoto	●	●			●		●
Taeko Ishii	●					●	●
Yutaka Takei	●				●		●

Note: A maximum of four items that are particularly expected to be performed are indicated as ● for each person. Not all expertise and experience are presented in the table.

Executive Officers

Senior Executive Officer	Makoto Kondo	Head, Financial Sector; General Manager, Business Planning Department
Executive Officer	Shigeo Okubo	Representative Director and President, JAPAN SYSTEMS ENGINEERING Corporation
	Yutaka Nakamura	General Manager, Corporate Planning Department
	Nobuhiko Ishikawa	Head, Public Systems and Social Infrastructure Sector
	Hiroyuki Mabuchi	President, DTS America Corporation
	Kazunori Nagasaki	Representative Director and President, DTS WEST CORPORATION
	Tetsuji Kamata	General Manager, General Affairs Department; Director, Nelito Systems Private Limited; Representative Director and President, DTS palette Inc.
	Hiroshi Tani	Head, Enterprise and Solution Sector
	Akira Nishimura	General Manager, Human Resources Department; Representative Director and President, MIRUCA CORPORATION
	Masanori Tamura	General Manager, Financial Sector; General Manager, Sales Department; General Manager, Financial Division 1
	Takeo Haruki	General Manager, Accounting and Finance Department
	Hiroyuki Norikane	Head, Digital Solution Sector

Financial Data and Non-financial Data

Financial Data

(Millions of yen)

Items	FY2017	FY2018	FY2019	FY2020	FY2021
Results					
Net sales	83,163	86,716	94,618	90,493	94,452
Cost of sales	66,714	69,199	75,913	72,438	75,310
Gross profit	16,448	17,517	18,705	18,054	19,141
Selling, general and administrative expenses	7,924	7,727	8,030	7,237	7,944
Operating profit	8,523	9,789	10,674	10,817	11,196
Ordinary profit	8,574	9,929	10,849	11,131	11,403
Profit before income taxes	8,531	9,911	10,773	11,099	11,384
Profit	5,781	6,817	7,315	7,629	7,837
Profit attributable to owners of parent	5,765	6,817	7,317	7,593	7,853
EBITDA	9,170	10,378	11,255	11,393	11,798
Order volume	84,505	89,292	96,102	91,026	97,810
Order backlog	35,369	37,945	40,629	41,181	25,980

Financial position as of fiscal year-end

Current assets	50,589	53,359	56,899	62,027	67,044
Non-current assets	10,940	13,622	13,699	13,145	12,072
Current liabilities	13,581	14,732	14,286	14,627	15,888
Non-current liabilities	986	896	1,223	1,135	1,094
Net assets	46,962	51,353	55,089	59,409	62,133
Equity	46,962	51,353	55,083	59,269	62,018
Total assets	61,365	66,982	70,598	75,172	79,116

Cash flows

Cash flows from operating activities	6,761	6,947	7,551	9,366	7,589
Cash flows from investing activities	(1,806)	(1,770)	(1,360)	(694)	(139)
Cash flows from financing activities	(2,967)	(2,477)	(3,047)	(3,848)	(5,025)
Free cash flows	4,955	5,177	6,191	8,672	7,450
Cash and cash equivalents at end of period	32,454	35,140	38,276	43,327	45,817

Financial indicators

Gross profit margin	19.8%	20.2%	19.8%	20.0%	20.3%
Operating margin	10.2%	11.3%	11.3%	12.0%	11.9%
EBITDA margin	11.0%	12.0%	11.9%	12.6%	12.5%
Return on equity (ROE)	12.9%	13.9%	13.8%	13.3%	13.0%
Return on assets (ROA)	14.5%	15.5%	15.8%	15.3%	14.8%
Equity-to-asset ratio	76.5%	76.7%	78.0%	78.8%	78.4%
Payout ratio	32.3%	32.5%	34.8%	36.3%	40.5%
Total return ratio	42.9%	41.3%	45.7%	49.4%	65.8%

Capital expenditures / Depreciation / Research and development expenses

Capital expenditures	731	614	913	318	312
Depreciation	421	473	473	534	532
Research and development expenses	439	436	316	133	226

Per share information

(Yen)

Profit	123.95	146.10	158.01	165.49	172.78
Net assets	1,001.62	1,101.61	1,190.71	1,293.61	1,376.05
Annual dividends	40	47.5	55	60	70

* The Company carried out a two-for-one split of its common stock with an effective date of July 1, 2019.

* Order volume, Order backlog: The Company applies the revenue recognition-related accounting standard from the first quarter of the fiscal year ended March 31, 2022.

Non-financial Data

Human resources-related data

Consolidated	Items	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	
	Number of employees	Employees	4,378	4,369	5,457	5,792	5,604	
Non-consolidated	Items	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	
	Number of employees (male and female)	Male	Employees	2,222	2,488	2,446	2,448	2,454
		Female	Employees	421	527	521	523	545
		Total	Employees	2,643	3,015	2,967	2,971	2,999
Basic data	Number of hires (male and female)	Male	Employees	96	110	126	121	129
		Female	Employees	29	37	51	44	52
		Total	Employees	125	147	177	165	181
	New graduate	Employees	111	131	164	162	170	
	Mid-career	Employees	14	16	13	3	11	
	Employee turnover rate	%	4.63	4.96	5.77	4.41	3.95	
	Average length of service	Years	14	13.9	14.3	14.6	14.9	
	(Of which female employees)	Years	(10.3)	(10.6)	(10.7)	(10.6)	(10.1)	
Human resource development	Number of DX-related certificate holders	Employees	—	79	257	584	855	
	Education and training expenses	Millions of yen	365	385	424	285	380	
Flexible working styles	Number of employees using system for staggered working hours (My Select Time)	Employees	—	—	—	356	331	
	Teleworking rate	%	—	—	—	43.8	50.4	
Health management	Annual paid holidays	Number of days used	Days	13.3	13.7	14.2	12.8	13.2
		Rate of usage	%	70.7	73.5	75.5	68.9	71.4
	Average number of monthly overtime hours	Hours	26:55	25:46	23:44	21:46	23:05	
Diversity	Ratio of female employees	%	15.9	17.5	17.7	17.6	18.2	
	Female employees appointed to positions of leadership (Management)	Number	Employees	11	11	11	11	11
		Ratio	%	2.9	3.1	3.6	3.6	3.1
Ratio of employees with disabilities	%	2.20	2.23	2.27	2.42	2.30		
Childcare and nursing care	Number of employees using childcare leave system (5 days or more)	Employees	Employees	47	30	30	54	39
		(Of which male employees)	Employees	(2)	(4)	(4)	(3)	(8)
	Return rate after childcare leave	%	100	94.1	93.8	93.8	87.2	
	Number of employees using system for shortened working hours for childcare	Employees	82	94	91	97	75	
	Number of employees using family care leave system	Employees	8	9	14	9	5	
Number of employees using caregiver leave system	Employees	3	6	5	0	1		
Number of employees using nursing care leave system	Employees	5	7	0	4	2		

* Data calculation record date: March 31 of each fiscal year. However, the ratio of employees with disabilities is presented as an average for the fiscal year.

Environmental data

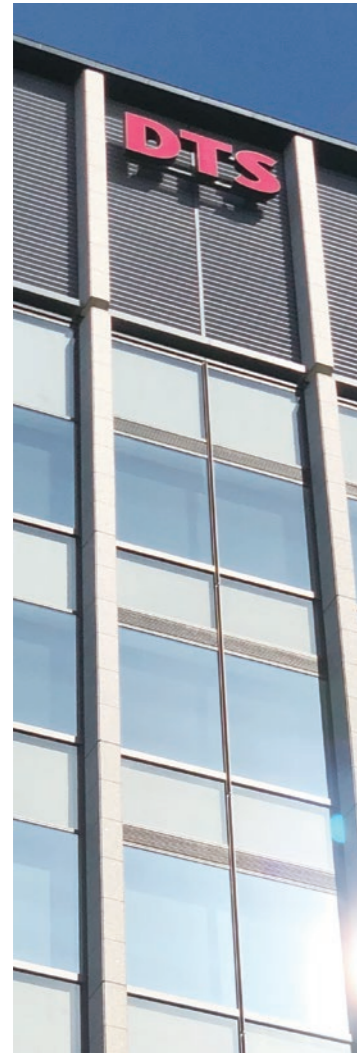
Items	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	
Greenhouse gas emissions (Scope 1 + 2)	Japan	t-CO ₂	1,284	1,073	988	944	889
	Overseas	t-CO ₂	95	111	135	261	229
Electricity use	Japan	kWh	2,729,178	2,345,276	2,276,557	2,246,079	2,112,348
	Overseas	kWh	185,362	227,343	286,756	554,534	498,200
Paper resource use	Japan	Millions of sheets	4.28	3.67	3.03	1.69	1.31
Water use	Japan	m ³	21,708	22,523	24,037	21,666	21,220

* CO₂ emission coefficient: Uses emission coefficient for each electric utility operator

* Excluding some overseas operations

Corporate Overview and Stock Information

Corporate Overview



Trade name	DTS CORPORATION
Headquarters	Empire Building, 2-23-1 Hatchobori, Chuo-ku, Tokyo 104-0032
Official website	https://www.dts.co.jp/
Date established	August 25, 1972
Capital	¥6,113 million (As of March 31, 2022)
Number of employees	2,999 (As of March 31, 2022; non-consolidated basis) 5,604 (As of March 31, 2022; consolidated basis)
Fiscal year	April 1 of each year to March 31 of the following year
Annual General Meeting of Shareholders	Held in June of each year
Stock listing	Tokyo Stock Exchange, Prime Section (Stock code: 9682)
Accounting Auditor	Ernst & Young ShinNihon LLC
Stock Transfer Agency	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233

Group companies

Japan

KYUSHU DTS CORPORATION
JAPAN SYSTEMS ENGINEERING CORPORATION
DTS WEST CORPORATION
MIRUCA CORPORATION
DIGITAL TECHNOLOGIES CORPORATION
DTS palette Inc.
DTS INSIGHT CORPORATION
I Net Rely Corporation

Overseas

DTS (Shanghai) CORPORATION
DTS America Corporation
DTS SOFTWARE VIETNAM CO., LTD.
Nelito Systems Limited
Dalian SuperElectronics Co., Ltd.
Japan SuperElectronics Co., Ltd.

Stock Information (As of March 31, 2022)

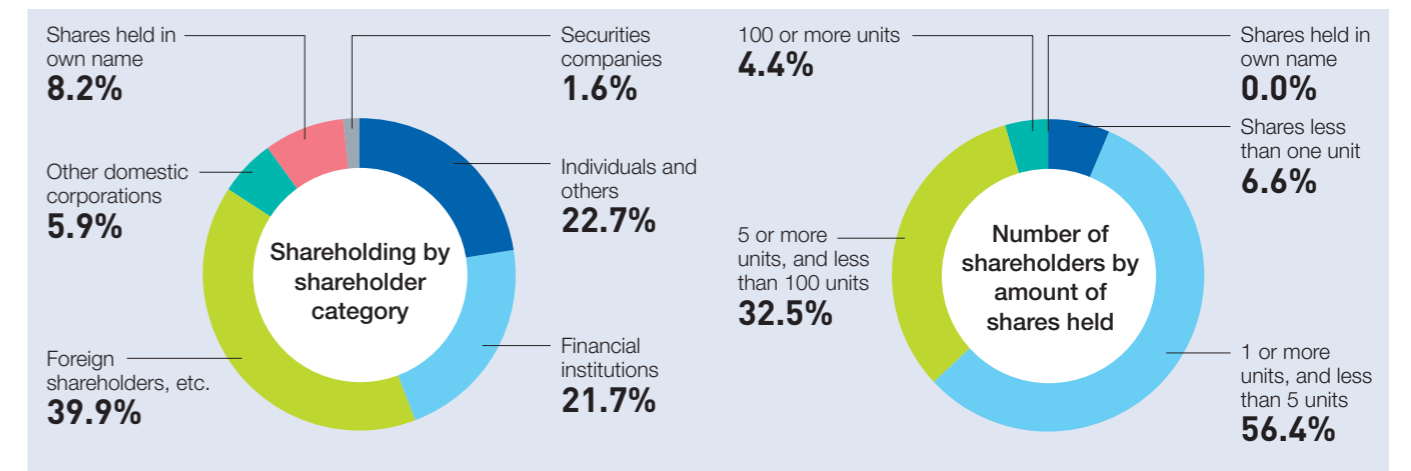
Total number of authorized shares	100,000,000
Total number of outstanding shares	49,072,632
Number of shareholders	4,923

Major shareholders

Name	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,945	13.19
DTS Group Shareholding Association	3,082	6.84
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	2,371	5.26
Custody Bank of Japan, Ltd. (Trust account)	2,102	4.67
AVI GLOBAL TRUST PLC	1,503	3.34
The Bank of New York Mellon 140044	1,211	2.69
NTC Corporation	1,171	2.60
Kumiko Akiyama	1,120	2.49
Chitomu Kozaki	803	1.78
NTT DATA Corporation	771	1.71

* The Company holds 4,002 thousand shares of treasury stock, and the shareholding ratio is calculated after deducting treasury stock.

Status of share distribution



Return on equity (ROE)

FY2019	FY2020	FY2021
13.8%	13.3%	13.0%

Total return ratio

FY2019	FY2020	FY2021
45.7%	49.4%	65.8%